



International Trademark Association

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

Regarding: *Intel v. PT Panggung Electronic Industries, Supreme Court of the Republic of Indonesia Case number: 590PK/PDT/2001*

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 124-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 145 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 *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*

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

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

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
- (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* (Exhibit A, annexed hereto.) This

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.

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

The Intel Corporation is the owner of the trademark INTEL, which is registered in a number of countries throughout the world, including Indonesia. In 1984 Intel registered the mark INTEL in Indonesia in International Class 9.

Panggung is a Surabaya based electronic consumer goods manufacturer. In 1986, Panggung proceeded to register in Indonesia the identical INTEL mark in Class 9 for similar goods.

In January 1993, Intel filed to cancel Panggung's registration and on September 16, 1993 the Central Jakarta District Court held in favor of Panggung on the following grounds:

1. The goods covered by the two marks were not similar;
2. Intel's marks were not well known;
3. Intel was not entitled to "trademark monopoly," i.e. the word INTEL is in the public domain and anyone should be free to use it.

In September 1993, Intel appealed the decision to the Indonesian Supreme Court, which only rendered its decision in February 2000 by affirming the lower court's decision and by ruling that the complaint was not timely filed.

Intel has filed a motion for reconsideration with the Indonesian Supreme Court on the following grounds:

1. Errors of law: i.e., the Supreme Court failed to consider the issues involving bad faith and the well-known company name. Additionally, the Court made a mistake in assessing similarity of goods and promoting the concept of "trademark monopoly."

2. Novum (New Evidence): i.e., new evidence is now being offered to prove that the INTEL mark is well known and that it was well known in Indonesia at the time it was registered. There is also new evidence being offered to prove that the defendant registered its mark in bad faith.

The Intel motion for reconsideration is currently pending before the Supreme Court.

4- International Principles on Registered Trademarks: Exclusivity v. Monopoly

The registration of a trademark gives the registered proprietor the exclusive right to use its trademark in relation to the goods or services for which it has been registered. This is different from the concept of “monopoly” as raised in the opinion of the District Court of Central Jakarta and endorsed by the Indonesian Supreme Court. While it is important in the appropriate context to preserve the right of society at large to use words or images in their primary descriptive sense, a distinction must be made between the concept of “monopoly” and the rightful claims of a trademark owner to exclusivity. In fact, exclusivity represents for trademark owners the valid right to exclude others from using their marks in a manner likely to deceive the public, which is entirely different from the concept of “monopoly” arising out of competition law. Thus, trademark exclusivity clearly benefits the public in promoting honest competition, whereas monopolistic practices rightly are sanctioned by competition law as impeding free competition.

In addition, 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 or the prohibition of the use of marks registered or used in bad faith.”

The WIPO’s 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 if 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 a 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."

In fact, the new Indonesian Trademark Law, under Article 69 (2)², 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.

5-International Principles on Well-Known Marks

The main international standards on the protection of well-known marks are contained in the Paris Convention for the Protection of Industrial Property and in the TRIPS Agreement. The Paris Convention states in Article 6bis *inter alia* that:

"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."

Article 16(2) of the TRIPS Agreement, which later supplemented the above general statement, provided that:

"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

² 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." (Emphasis added)*

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

in the member state concerned, which has been obtained as a result of promotion of the trademark.”

Over the years the following overriding 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. Moreover, some well-known brands are sold in small quantities and in a limited number of countries in order to preserve the brand owners' exclusivity in 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 standards for protection of well-known marks fosters harm to both the public and well-known trademark owners and consequently threatens investment and honest trade.

To comply with their international obligations, many countries, including Brazil and the United States of America 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 such as China and Japan have adopted regulations on well-known marks.

The 1999 WIPO *Joint Recommendation on Well-Known Marks* contains a series of agreed upon factors to be considered in determining whether a mark is well known. The

factors set forth below 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 below. Any relevant circumstances may be taken into account and any information may be considered.

- **The degree of knowledge or recognition of the mark in the relevant sectors of the public:**

Recognition by relevant customers³ of a mark is a fundamental element of fame. This can be shown in a number of ways such as producing a consumer survey or opinion polls, producing media and press coverage about a brand, as well as sales figures and marketing data. However, the evidence cannot be restricted to sales and proof of use, since the purpose of well-known mark protection is to protect the fame and reputation, not local sales.

- **The duration, extent and geographical area of any use of the mark:**

Long historical use of the mark will increase the likelihood that it will become well known. Examples of advertising and promotion, going back a number of years, may show use. Also, use in neighboring countries with a close connection is relevant. However, it cannot be a requirement to prove use in the countries in question.

- **The duration, extent and geographical area of any promotion of the mark including any advertising or publicity and the presentation at fairs or the exhibition of the goods to which the marks apply:**

Copies of advertising and promotional material are examples. This factor is very important since a mark can become well known through advertising and promotion, even when it has not yet become known in a country. The Courts in India have developed, for example, a number of rules that cover the situation where evidence of reputation abroad may spill over into the country through advertisement or through other forms of commercial contact.⁴

³ Since a purpose of trademark law is to stop customer confusion, only knowledge by the customer in the relevant trade is important. It does not matter if consumers as a whole are not familiar with the mark, and the fact that the general public knows the mark cannot constitute a requirement. The relevant sector may include actual or potential customers, those involved in channels of distribution and business circles dealing in the products sold under the mark, among others.

⁴ N.R. Dongre v. Whirlpool Corpn. (1996) 5 SCC 714; J.N. Nichol (Vinto) Ltd. v. Rose and Thistle, 1994 PTC 83 (Cal) (DB); and Caterpillar Inc. v. Jorange, AIR 1998 Mad 171 (DB).

- **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 promotion and use of the mark.
- **The record of successful enforcement of rights in the mark, in particular the extent to which it was recognized as well known by the competent authorities:**
If other countries have declared the mark to be well known or Courts have defended it, then this may indicate that it is well known in other places.
- **Likelihood of confusion and bad faith are important elements to consider while 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 mark holders. This threatens investment and honest trade.

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.

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 those 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 cases⁵ that would benefit from a more consistent application of such principles. INTA hopes that by submitting this brief in its capacity of *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.

⁵ *Intel v. Hanitio Luwi*; *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 WIPO guidelines offer the clearest set of factors to assess whether or not a mark is well known. Therefore, INTA believes that following the WIPO guidelines and the comments stated above will assist the Court in applying international standards on well-known marks to the present case.