



International Trademark Association

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

Regarding: *Prefel SA v. Fahmi Babra and the Government of Republic of Indonesia, Department of Justice, Directorate General of Copyright, Patent and Trademark, Directorate of Trademark (Case Number: 2413K/PDT/1999)*

The International Trademark Association (INTA) herewith respectfully submits this information to the Indonesian Supreme Court in the hope of assisting on issues of Well-Known Mark registration and protection. INTA respectfully asks the honourable Supreme Court to consider the contents 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 jurisdictions¹. 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 Playboy Enterprises Inc. v*

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 Madrid Protocol 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 the 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 the doctrine of well-known marks was created to protect trademark owners and the public from trademark pirates in countries where simply registering a mark gives it protection under the country's trademark laws. The trademark pirate uses this registration to 'trade-off' the goodwill of the mark created by the original trademark owner. The doctrine of well-known marks protects both the public and legitimate trademark owner from deception and fraud in the marketplace.

Since the first WIPO meeting in November of 1995 at which 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) were discussed, 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

Excite Inc. S.Ct. Case No 00-56662 (USA); TrafFix Devices, Inc. v. Marketing Displays, Inc., S.Ct. Case No. 99-1571 (currently under consideration by the Supreme Court of the USA).

(2) a list of 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.

On 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.

3-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.

Indonesia’s 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 *Intel Corp. v. PT Panggung Electronic Industries*.

In some of those cases, this honourable Court has held in favour of the international 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 cases² 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.

4-Summary of the procedural and general history of the case

² *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*.

In 1995, Fahmi Babra (“Defendant No. 1”) obtained two registrations of the “PRADA” word and device trademark in Classes 25 and 18. The device trademark registered by Fahmi Babra is identical to the well-known “PRADA” word and device trademark owned by Prefel SA (“Plaintiff”) in other countries of the world.

Prefel SA, the owner of the PRADA trademark, filed a motion with the Central Jakarta District Court on May 18, 1998 (case No. 200/PDT.G/1998/PN.JKT.PST) to cancel these registrations arguing similarity to its well-known mark and bad faith registration.

Both Fahmi Babra and the Directorate of Trademarks (Defendant No 2), which was obliged to be a defendant in a cancellation action, filed their reply.

Prefel SA based its submission to the court on two grounds:

- Its PRADA trademark is well known
- Fahmi Babra registered its mark in bad faith

In its submission to the Court, Prefel explained that it had used and established its mark over the years and illustrated how in this long process, the mark has obtained worldwide goodwill and reputation.

Fahmi Babra contended that it was the registered proprietor of the mark while Prefel claimed to be the legitimate owner. Both parties submitted evidence in writing. The Trademark Office concluded that Prefel simply could not prove its case and therefore refused to annul Fahmi’s registration and to grant a trademark to Prefel.

On January 8, 1999, the Court delivered its judgment in favour of Fahmi Babra and upheld the action taken by the Directorate of Trademark. The Court’s decision was based on the following:

- The Judges observed that one of the requirements to grant protection to a well-known trademark is actual use in Indonesia. Based on this principle, the Court found the mark not to be well known.
- The court based its decision on the fact that the Directorate of Trademarks did not find the mark to be well known and consequently refused Prefel’s trademark application for a similar mark. The court followed the Directorate of Trademarks’ decision and held that the mark was not well known regardless of the evidence placed before the court by Prefel.

On January 22, 1999 the Plaintiff filed a notice of appeal and on February 5, 1999 its memorandum of appeal before the Supreme Court of Indonesia. Fahmi Babra filed its reply to the same. The Supreme Court rendered its decision in favor of Fahmi Babra. Prefel filed a motion for reconsideration. The Supreme Court decision is pending. INTA has not been advised whether Fahmi Babra has filed a reply.

5- International principles on well-known marks

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 determinant. 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 Brazil, Canada 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, Columbia, 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.

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 neighboring 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.³

³ 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).

- **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 other 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.

6- Application of the above rules to the instant case

The Central Jakarta District Court decided that the mark was not “well known” because it was not used in Indonesia, a conclusion that is incorrect under the international precedents cited above.

The Court reviewed the provisions of the *Elucidation to the Trademark Law* on famous marks which states the following: “...concerning the criteria of well-known trademarks, in addition to considering the public’s knowledge, the determination shall be based on the reputation that the trademark gained through promotion and on the certificates of registration in several countries.”

The Court read in this provision that there was a requirement for promotion and distribution *in Indonesia*. The Court stated the following: “Considering the evidence submitted by the Plaintiff, the Plaintiff has not proved that his trademark was well known in Indonesia by showing evidence of the reputation of his trademark through promotion and distribution of his products in Indonesia.”

Therefore, the Court required use of the mark in Indonesia, which INTA considers to be inconsistent with the principles set out above. This interpretation by the Court excludes any existence of spillover reputation, effects of TV, print and/or other media on the trademark reputation and is inconsistent with existing international rules. A mark with a reputation must be protected regardless of the actual use of this mark in Indonesia.

Because Indonesia adheres to international treaties protecting well-known marks, Indonesian courts should strive to uphold the international principles on well-known marks and apply them to the facts in this case.

The Plaintiff placed before the Central Jakarta District Court evidence to support these principles on well-known marks such as number of registrations throughout the world, affidavits of the relevant public, media publications supporting the extent of use of the mark around the world, and evidence of enforcement of its rights around the world.

Furthermore, the Court observed that the refusal by the Directorate of Trademarks to register Prefel's trademark demonstrated that Prefel could not prove its case. But it was the Court's responsibility to determine whether or not the Directorate rightfully registered Fahmi Babra's mark and the Court could not rely on the Directorate's refusal, the very decision being reviewed, as support for its own conclusion.

In any event, it is unclear why the Directorate took a position against Prefel in this case. The Defendants placed no evidence before the Court to rebut the evidence of fame or international repute of the Prefel mark. In civil law systems, courts usually make a detailed examination to determine whether or not a mark is well known. National trademark offices, which are essentially administrative in nature, are not always equipped to conduct such examinations.

7- Conclusion

INTA hopes this brief will assist the Court to better understand and implement the various accepted international 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's 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 every case.