SCIENTIFIC CULTURE

www.sci-cult.com

SCIENTIFIC CULTURE, Vol. 11, No. 3.2, (2025), pp. 284-296
Open Access. Online & Print

DOI: 10.5281/zenodo.11322523

PASSING OFF: A CONCEPT OF UNFAIR COMPETITION THAT MAY NOT BE IMPLEMENTABLE IN INDONESIA

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Received: 27/07/2025
Accepted: 27/08/2025

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ABSTRACT

The abstract must be between 200 and 300 words written in 'SC-Abstract' style. Scientific Culture is a peer-reviewed, open access international scientific journal, an open information vehicle of academic community with a global coverage and issues touching local and regional interest; it is intended as a starting point for presenting research devoted in the broad field of diachronical Cultural Heritage. The journal provides a broader coverage of studying ancient cultures with natural sciences focused on specific topics of global interest. Amongst the published themes emphasis is given to: Ancient cultures; hidden information in art by symbolism; composition of artifacts; parallels in ancient and recent cultural issues; the role of liberal arts to cultural background; cultural development and the question of independent, autochthonous, interactive patterns; theoretical approaches: archetypal concept and globalization effects; inter-, intra-settlement and environmental interactions on cultural evolution; art and science, virtual culture, cognitive archaeology via positive sciences etc.

KEYWORDS: Up to 8 Comma-separated Keywords or Key Phrases.

1. INTRODUCTION

As one of the intellectual property rights, especially industrial property rights, trademarks and service marks play a very important role in the trade in goods and services. The legal protection of trademarks, especially well-known trademarks, has become a global problem, as it is needed not only by the trademark owner but also by national legal protection to reflect quality, creating a healthy commercial competitive climate for businesses in every field (Adjie & Kansil, 2024). Trademarks are not only useful for distinguishing the origin of the product or service being produced and traded, but have also become a source of identity and pride for both producers and consumers of products or services. If a country lacks good rules to prevent trademark infringement, unhealthy business competition arises Lai and Williams (2022), as many parties take advantage of the regulatory vacuum to enrich themselves or other individuals by infringing their own or other persons' registered trademarks or well-known trademarks.

As a country that has ratified the TRIPS Agreement and has become a member of the World Trade Organization (WTO), Indonesia must bring all its legislation into line with core global trade standards in order to create a healthy climate of business competition while suppressing trademark infringements. Trademark infringement, such as the rampant circulation of counterfeit trademark products, not only harms the interests of the trademark owners whose products are counterfeited, but also harms consumers and, ultimately, the state (Sulistianingsih & Ilyasa, 2022). The existence of products using counterfeit trademarks is not only a violation of intellectual property rights, but it also has wider consequences, in addition to harming consumers, it can also create commercial disputes between Indonesia and other countries that feel that Indonesia is unable to provide legal protection for registered and well-known trademarks (Saputro et al., 2025). If this situation is allowed to continue, Indonesia will eventually suffer, as other countries, especially investors, have very low confidence in the quality of Indonesian law enforcement.

Currently, Indonesia has enforced Law No. 20 of 2016 on trademarks and geographical indications ('trademark law'). Although that law extended the scope of the criminal penalty imposed on perpetrators of trade mark infringements, it is considered ineffective in practice in combating the crime of unfair competition linked to the use of a trade mark. One form of unfair competition that often occurs in Indonesia but has not been effectively eradicated due to perceived inefficiencies in trademark law is the act known as trademark grabbing (Wijanarko & Pribadi, 2023). The content of trademark law is considered to be quite effective in imposing legal sanctions on trademark infringers, but it is nevertheless found that this law has a number of weaknesses that make legal proceedings against trademark infringers completely ineffective (Olteanu, 2022). It is therefore understandable that legal practitioners in the field of intellectual property rights still believe that new rules are needed to tackle excessive problems more effectively.

Based on these considerations, the author conducted a study to understand and communicate the results and solutions of this article titled "catching: the concept of unfair competition that may not be applicable in indonesia". Compiling this article on the basis of the above background Veronika and Asmarasari (2025), the author identified the wording of the main problem, namely: What legal provisions are needed to combat seizure based on criminal and civil litigation mechanisms in Indonesia?

2. METHODOLOGY

This study adopts a combined normative and empirical legal research design to examine the legal treatment of Passing Off and trademark infringement in Indonesia. The rationale for this mixed approach lies in the dual nature of the research problem: while normative legal research provides a detailed understanding of statutory provisions and legal principles (lex lata), empirical legal research captures how these laws are applied in practice (lex in action).

2.1. Research Design

The research design integrates doctrinal legal analysis with field-based empirical investigation. Normative analysis involves examining legislation, case law, and legal doctrines related to trademark protection, unfair competition, and Passing Off. Empirical analysis focuses on judicial practice, specifically how courts interpret and enforce trademark law, including civil, criminal, and administrative proceedings.

2.2. Sample And Data Collection

Primary data consist of selected court decisions concerning Passing Off and Indonesian trademark law, drawn from both the Commercial Court and the Supreme Court. Cases were purposively selected to include both civil and criminal proceedings, covering a range of disputes over registered and unregistered trademarks, packaging similarities, and alleged unfair competition.

Secondary data were obtained through comprehensive literature review, including academic journals, textbooks, legal commentaries, and international treaties (the TRIPs Agreement). This secondary data supports theoretical discussions of Passing Off and informs the analysis of primary data.

2.3. Measurement Instruments

Data from court decisions were systematically collected using document review protocols, which included the following elements:

- Identification of the parties involved and type of trademark dispute
- Legal provisions cited (national and international)
- Judicial reasoning and interpretation of trademark infringement or Passing Off
- Outcomes of civil and criminal cases, including penalties, damages, injunctions, or cancellation/deletion of trademarks

These instruments ensured a consistent and structured analysis of the cases.

2.4. Data Analysis

The study employs qualitative content analysis to interpret legal texts, court decisions, and relevant literature. Patterns in legal reasoning, application of the law, and the effectiveness of legal remedies were identified and compared with international standards. Where relevant, descriptive statistics were applied to summarize trends, such as the frequency of penalties imposed or civil remedies granted.

This integrated methodology allows the study to provide a comprehensive understanding of the legal mechanisms addressing trademark infringement and Passing Off in Indonesia, highlighting both statutory provisions and practical enforcement challenges.

3. RESULT AND DISCUSSION

3.1. Definition Of Trademark According To The Indonesian Trademarks Law

Article 1(1) of the Law on trademarks provides that a trade mark is a sign which may be represented graphically in the form of a logo, a name, a word, a letter, a number, a colour arrangement of 2 (two) and/or 3 (three) dimensions, a ringtone, a hologram or a combination of two or more elements, in order to distinguish goods and/or services manufactured by natural or legal persons in the course of an industrial activity. (Fitria & Irianto, 2025).

Compared with the earlier Law on trademarks, namely Law No 15 of 2001 ('the 2001 Law on trade marks'), it is clear that the range of signs used as trademarks is wider. Previously, the Trade Marks Act of 2001 provided that a trade mark is a sign in the form of an image, a name, a word, letters, numbers, an arrangement of colours or a combination of these elements, which has distinctive character and is used in the course of trade in goods or services.

The definition of a trademark according to the above-mentioned trademark law is also in line with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which has been ratified by the GOID in accordance with its membership in the World Trade Organization (WTO).

Article 15(1) of the TRIPs Agreement provides that a trade mark is 'any sign or combination of signs which distinguishes the goods or services of one undertaking from those of other undertakings'. The term 'sign' specifically includes 'words, including personal names, letters, numbers, figurative elements (Roisah (2017)) and colour combinations, as well as any combination of such signs."

Based on a comparison of the definitions of trademarks according to the Trademarks Law and the TRIPs Agreement, it can be concluded that the main function of a trademark is to distinguish the origin of a product or service that is produced and traded in society.

Thus, the main function of a trademark from a legal perspective is to create order in society, especially in the trade of goods and services Massadeh and Nusair (2017), which ultimately benefits the country's economy. Only in an orderly environment producers and consumers can trade goods and services with a sense of security and comfort, without suspicion of one another, especially in relation to the quality of a product that uses a particular trademark. This social order will not be created if goods or services using counterfeit brands circulate in society, namely products that use brands that are essentially or entirely the same as registered trademarks owned by certain parties.

The importance of social order, especially in the trade of goods or services in relation to the use of a brand, is indeed important because from an economic perspective, particularly in marketing, brands have various functions according to the interests of companies as producers, distributors, and consumers (Jeswani, 2023).

Freddy Rangkuti summarizes the functions of brands from the perspective of product manufacturers, distributors, and consumers as follows:

Table 1: Functions of Brands for Companies, Distributors, and Consumers.

Company / Manufacture	Distributor	Consumer
Simplifying order processing and minimize problems	Facilitating product handling	Facilitating quality recognition
Protecting sales from counterfeiting	Identifying product distribution	simplifying repurchasing the same product
Maintaining consumer loyalty to the product	Requiring production to meet certain quality standards	Associating brands to their status and prestige
Assisting product sales to markets grouped by segment		
Building a good company image and reputation		

3.2. Trademark Infringement According To The Indonesian Trademarks Law

3.2.1. Criminal Penalties Against Trademark Infringement

The Trademark Law regulates several articles on criminal sanctions that can be imposed against trademark infringers. The parameters for trademark infringement are not determined by the existence or absence of confusion among consumers who are misled into purchasing a product or service that uses a counterfeit trademark (Roy & Marsoof, 2024). Thus, unlike the parameters for trademark infringement that apply in some countries, the likelihood of confusion does not have to be proven by the Public Prosecutor when charging and prosecuting trademark infringers. Likelihood of confusion is not criminal element in the criminal provision.

In criminal litigation, the public prosecutor acts as the state attorney who must prove the trademark infringer's guilt. All criminal elements in the article charged against him must be proven as the basis for the panel of judges to convict the trademark infringer. The Trademark Law regulates several articles relating to the punishment of trademark infringers Chaurasiya et al. (2022), both producers or manufacturers and traders or distributors of goods or services that use counterfeit trademarks, as follows:

Table 2: Criminal Penalties For Trademark Infringers Under The Indonesian Trademarks Law.

Types of Infringer	Criminal Penalties
Manufacturer of goods who are using identical trademark (or similar mark in its entirety to any registered trademark)	Article 100 Par (1) of the Trademarks Law: Every person unlawfully uses any trademark which is identical to registered trademark of other parties for similarly produced, and/or traded goods and/or services, shall be sentenced to imprisonment of up to 5 (five) years and/or fines up to Rp2,000,000,000.00 (two billion rupiahs).
Manufacturer of goods who are using similar trademark (or similar in principle to any registered trademark)	Article 100 Par (2) of the Trademarks Law: Every person unlawfully uses any trademark which is substantially similar to registered trademark of another party for similarly produced and/or traded goods and/or services, shall be sentenced to imprisonment for up to 4 (four) years and/or fines up to Rp2,000,000,000.00 (two billion rupiah).
Certain manufacturer who products produces harms human health or life, damaging environment	Article 100 Par (3) of the Trademarks Law: Every person violating the provisions as referred to in section (1) and section (2), whose goods cause health impairment, environment distortion, and/or human deceases, shall be sentenced to an imprisonment up to (10) ten years and/or fines up to Rp 5.000.000.000,00 (five billion rupiahs).
Traders or distributors of counterfeit products	Article 102 of the Trademarks Law: Every person who trades goods and/or services and/or product which is known or allegedly know that the goods and/or services and/or product constitute criminal acts as referred to in Article 100 and Article 101 shall be sentenced with imprisonment up to 1 (one) year or fines up to Rp 200.000.000,00 (two hundred million rupiahs).

As seen in the above table, the criminal provisions that threaten trademark infringers do not require the Public Prosecutor to prove the existence of a certain amount of economic loss. The prosecutor is only required to prove that the trademark owner has rights to a registered trademark and that the defendant, as the person accused of trademark infringement, has used a trademark that is identical or similar in principle to the registered trademark for similar goods or services. In general, during the investigation process, investigators usually ask the estimated loss suffered by the trademark as a victim

due to the circulation of products using counterfeit trademarks (Kastowo & Christiani, 2024). This question is usually answered casually by the victim without having to provide concrete evidence of the actual loss. This is understandable because the victim's business does not always suffer an actual loss. It is possible that the victim company only experiences potential losses, such as a decline in the sales value of genuine products, even though the company's overall revenue statement does not show any actual losses. Trademark owners may lose the opportunity to sell more of their products due to the circulation of goods bearing counterfeit trademarks (Tyagi, 2024). In fact, this case cannot be generalized because it is possible that a registered brand owner may actually suffer real losses due to the circulation of counterfeit products.

Heavier criminal penalties are imposed only if certain products are proven to cause health hazards, environmental damage, and/or human death, such as pharmaceutical products, fertilizers, pesticides using counterfeit trademarks. If the trademark infringer produces goods or services that do not cause health hazards, environmental damage, and/or human death, then the provisions used by the Public Prosecutor to prosecute them are limited to Article 100 Par (1) or (2) of the Trademarks Law.

In the event that the trademark infringer distributes or sells goods or services that constitute an infringement of Article 100 of the Trademarks Law, he or she shall be subject to criminal penalties under Article 102 of the Trademark Law.

All criminal penalties under the Trademarks Law can only be enforced if the registered trademark owner (or if he or she is represented by a legal attorneys) files a complaint report to the authorities, either to the National Police or the Civil Servant Investigators, to investigate and prosecute the trademark infringer. This is because trademark infringement is classified as a complaint-based crime. Under Indonesian criminal justice system, a complaint-based crime is a criminal offense that can only be prosecuted if there is a formal complaint from the aggrieved party. Without a formal complaint from the registered trademark owner, the investigation and prosecution of trademark infringers will not be carried out.

3.2.2. Civil Remedies

In addition to criminal sanctions, trademark infringers may be sued in civil court in accordance with the mechanisms and procedures stipulated in Article 83 Par (1) of the Trademarks Law, which reads:

The owner of a registered trademark and/or the licensee of a registered trademark may bring an action against another person for unauthorized use of a trademark identical or substantially similar to a registered trademark in connection with similar or identical goods and/or services:

- claim for damages / recoveries; and/or
- cessation of all acts related to the use of the trademark (injunction)

As seen in the above article, the Trademarks Law states that the parameter for trademark infringement that forms the basis for filing a civil lawsuit is the use of a trademark that is essentially or entirely similar to a registered trademark for similar goods and/or services. Likelihood of confusion among consumers is not a parameter that must be proven.

However, if the Plaintiff is interested in seeking damages or recoveries from the Defendant who has infringed his/her registered trademark rights, the Plaintiff is certainly obliged to prove that he/she has suffered losses due to the Defendant's actions. This is not an easy task, considering that the Plaintiff must prove actual loss based on evidence of trademark infringement committed by the Defendant (Gibbons, 2025). The Indonesian civil procedure law does not allow judges to grant the Plaintiff's claim by awarding more than what the Plaintiff has requested in court. Instead, judges may grant part of what the Plaintiff has requested if, in their consideration, not all of the Plaintiff's requests are supported by sufficient evidence. Similarly, in the case of compensation claims, the judge may reject the Plaintiff's claim if the evidence submitted to the court is not considered sufficient to prove that the Plaintiff has suffered actual losses. On the other hand, if in the judge's opinion, the Plaintiff has indeed suffered a loss but the value is not as great as what was requested from the court, then the judge may grant the claim for damages at a value that is less than the amount requested by the Plaintiff.

4. PASSING OFF AS UNFAIR COMPETITION

Indonesia has Law No 5 of 1999 on the Prohibition of Monopoly Practices and Unfair Commercial Competition ('the Cartel Law'), but its content has nothing to do with unfair competition in the field of intellectual property, such as token grabbing. Article 50 of the Antitrust Act explicitly states that contracts related to intellectual property rights are one of the exceptions provided for in this law (Soomro & Yuhui, 2023). The antitrust law creates ambiguity because its provisions contain articles that can cause confusion in the public. On the one hand, Article 50 of the Cartel

Act provides that all contracts relating to intellectual property rights (including trade secrets) are excluded from the scope of the Act. By contrast, Article 23 of the antitrust law contains a provision referring to trade secrets which should be disclosed under Article 50. Article 23 of the Law on restrictive practices provides: 'Undertakings shall be prohibited from colluding with other persons in order to obtain information about the business activities of their competitors which is classified as a trade secret which may lead to unfair commercial competition."

It is not surprising that this has led to confusion, prompting Insan Budi Maulana, an intellectual property expert, to question whether the Anti-monopoly Law is intended to regulate only Unfair Business Practices or whether it is intended to expand its scope to regulate Unfair Competition related to intellectual property rights (Maulana, 2001). Insan Budi Maulana compares it to the Japanese Anti-monopoly Law, which also regulates Unfair Business Practices, while Unfair Competition in the field of intellectual property contains rules found in Article 10 bis of the Paris Convention.

Apart from the Anti-monopoly Law, unfair competition practices related to intellectual property including Passing Off, has no specific regulations (lex specialis). As a reprehensible practice, unfair competition is regulated as a general act, both criminally and civilly, without specific variants. As a result, when new and specific variants or forms of unfair competition emerge, there are some doubts on the effectiveness of enforcing such general laws (Elizabeth et al., 2021). This can be seen in the regulation of unfair competition under Article 382 bis of the Criminal Code (KUHP) and Article 1365 of the Civil Code (Burgerlijk Weboek / BW) as follows:

Article 382a of the Penal Code (CFSP), which regulates unfair competition: A person who, for the purpose of establishing, maintaining or expanding his business or business activities with the aim of misleading the public or a particular person, shall be punished with imprisonment of up to one year and four months or a maximum of nine hundred rupees, together with a fine, if his competitors or competitors suffer damage as a result of unfair competition. Article 1365 of the Civil Code (Burgerlijk Wetboek / BW), which regulates tort or wrongful act: Any person who causes damage to another person by a wrongful act must compensate for this damage due to his fault in causing it.

Interestingly, the provision on unfair competition as a general crime under the aforementioned Article 382a of the Penal Code was eventually reintroduced into Act No 1 of the Penal Code of 2023 (the New Penal Code). Under the new Penal Code, perpetrators of unfair competition are punished with a harsher punishment, but the content and wording of the necessary elements of an offence have not changed significantly compared to the provisions of § 382a of the Penal Code (Krebs, 2022). For the sake of clarity, please refer to the wording of the provisions of the new Penal Code on unfair competition, which is set out in Article 500 as follows: Article 500 of Act No 1 of the New Penal Code (New Code of Civil Procedure): any person who, for the purpose of starting, maintaining or expanding his own or another person's trade or business activities: commits fraud with the aim of misleading or misleading a certain person that may harm his competitors or the competitors of another person, a person guilty of unfair competition is punished for a maximum of 2 (two) years and four months or a criminal fine of the third category.

As is apparent from the wording of § 500 of the new Penal Code, the content of the offence of unfair competition does not differ significantly from the provisions of § 382a of the Penal Code. The two articles are distinguished by imprisonment, since the new criminal code provides for a more severe prison sentence of more than 2 (two) years. Criminal fines are also higher than those provided for in Article 382a of the Penal Code. Article 500 of the new Penal Code provides that the maximum fine may be imposed on perpetrators of unfair competition in accordance with the maximum fine in category III set out in Article 79(1) of the new Penal Code, which may not exceed the Croatian fine.

Passing Off, as the origin of the term suggests, is not a term in Indonesian but rather a term in English and therefore this term is not recognized in Indonesian law. Passing Off is actually terminology that originates from the Common Law legal system. According to Christopher Wadlow Reekie and Reekie (2016), as cited by Gunawan Suryomurcito, the term Passing Off emerged in a litigation trial in the mid-19th century to stop the sale of goods by the Defendant because the goods had a visual appearance similar to that of goods produced by the Plaintiff. The term Passing Off first appeared in a civil case ruling between Perry v. Truefitt (1842).

In Australia, which is also subject to a system of common law, the passage of a sign is defined as 'an action seeking to avoid financial loss resulting from the defendant's claim that its own goods or services are owned by the plaintiff. Lord Diplock, who investigated the ADVOCAAT case, argued that the law has five characteristics that can be classified as a profession. The five characteristics are:

1. Misrepresentation;
2. Made in the course of trade potential customers or end-users of the goods or services offered;
3. that is detrimental to the business or goodwill of another company;
4. which cause, or are likely to cause,
5. actual damage to the business or goodwill of the undertaking against which the action is brought;.

Among these five characteristics, there are three that are considered most important according to Jill McKeugh and Andrew Stewart, often referred to as the 'classical trinity'. These three are:

1. The substance of some reputation or goodwill on the part of the Plaintiff ('reputation');
2. Deceptive conduct on the part of the Defendant ('deception' or 'deceptive conduct');
3. The existence or threat of damage to the Plaintiff as a result of that conduct ('damage').

Among these three elements, Patricia Loughlan argues that the most important element is the misrepresentation of the Defendant's products, which means that the Defendant has committed deceptive conduct. The Defendant has fraudulently misled the public, especially consumers, that the goods it manufactures and trades are related to the Plaintiff's business and products (Handler, 2021). Patricia Loughlan summarizes several methods commonly used by the Defendant when committing Passing Off, as follows:

1. The Defendant displays its products in packaging that resembles the packaging and shape of the products manufactured and sold by the Plaintiff, thereby misleading consumers into believing that the products sold by the Defendant are manufactured by the Plaintiff;
2. The Defendant used the Plaintiff's trademark;
3. The Defendant advertised its products using the same advertising theme that had been used by the Plaintiff;
4. The defendant claims that the products it manufactures are of a certain quality, when in fact this is not the case; and
5. The Defendant states that its company has a relationship or affiliation with the Plaintiff's company.

The second requirement that must be proven in order for the Defendant's actions to be classified as Passing Off is the existence of reputation. The Plaintiff must prove that this reputation had been established before the Defendant committed the fraudulent act of Passing Off with the intention of piggybacking on the Plaintiff's hard-earned reputation. Proving that a reputation has been established over a long period of time is not easy (Costa et al., 2023). The reputation of a product or entrepreneur is built through a long process that requires a sacrifice of time, energy, and money, including when an entrepreneur must conduct research in order to determine market demand. According to Freddy Rangkuti, entrepreneurs with a good reputation must go through at least four stages in order for their product brands to become known and recognized by consumers (Daradkeh, 2023). He describes these four stages in the form of a brand awareness pyramid, which illustrates how consumers go from not knowing a brand to being able to remember it, as follows:

Figure 1: Brand Awareness Pyramid.

a. Unaware of brand is the lowest level where consumers are not aware of lack of knowledge dealing with the existence of a brand on a particular product;
b. Brand recognition, which describes the level at which consumers are beginning to recognize a brand on a particular product, but still have the possibility of choosing products with different brands.
c. Brand recall is the level at which consumers can easily remember a brand when asked to name a specific brand. Consumers do not need to make an effort to recognize the brand because they are already familiar with it;
d. Top of mind is the highest level at which consumers will mention a brand as the most memorable in their minds when asked to name a specific product brand.

The third requirement that must be proven by the Plaintiff when claiming that the Defendant's actions qualify as Passing Off is the existence of loss or damage. According to Patricia Loughlan, the Plaintiff must prove that as a result of the Defendant's actions, their business has suffered a loss or at least a likelihood of damage. In Australia, courts tend to believe that loss or likelihood of loss has actually occurred when the Plaintiff is able to prove that the Defendant has committed misrepresentation against the reputation of the Plaintiff's business or products.

4.1. Effectivity Of The Indonesian Laws In Combatting Passing Off

Based on the above description, Passing Off as a form of unfair competition can only be combated by using general articles contained in the Criminal Code and Civil Code. However, both require actual loss to be proven as the basis for punishing the perpetrator criminally or seeking civil damages. It is not easy to prove actual damages. Even if the victim of Passing Off has actually suffered damages Szczepanowska-Kozłowska (2023), it must be proven that those damages were a direct result of the Passing Off. In the interests of legal certainty and justice, the court must be able to prove that the damages were indeed caused by the Passing Off, and not caused by or related to other factors such as corporate mismanagement or other causes.

In addition, the effectiveness of Article 382 bis of the Criminal Code against perpetrators of unfair competition in any form is questionable, given the low level of criminal penalties, particularly fines, imposed on perpetrators. The maximum penalties lack a deterrent effect. The imprisonment stipulated in Article 382 bis of the Criminal Code also fails to provide a deterrent effect, and suspects cannot be held in custody during the investigation phase. Detention can only be carried out if the court has imposed a prison sentence for a certain period of time with an order to detain the perpetrator. This is because the criminal penalty under Article 382 bis of the Criminal Code, which is only 1 (one) year and 4 (four) months imprisonment, does not allow investigators to detain the suspect (Butt, 2023). The Indonesian criminal procedure law generally allows investigators to detain suspects if the maximum criminal penalty stipulated in the article under which they are charged is 5 (five) years or higher, except in certain criminal acts that specifically regulate the possibility of detaining individuals even if the maximum criminal penalty is less than 5 years imprisonment.

4.2. Overlapping Of Passing Off With Trademark Infringement

In some cases of Passing Off or unfair competition related to imitation of packaging or trade dress, the courts have handed down judgments punishing perpetrators of Passing Off both criminally and civilly. However, these Passing Off cases intersect with other legal provisions in the field of trademarks that are more oriented towards the protection of registered trademarks, so they are not based solely on the aspect of unfair competition. Some examples that can be cited are as follows:

4.2.1. Infringement Of The Registered Kopiko Trademark (Criminal Case)

The West Jakarta District Court ruled on that case in 2003 on the basis of Section 91 of Law No 15 of 2001 ('the Trade Marks Act of 2001'). This case began when the owner of the registered KOPIKO trademark, Jogi Hendra Atmadja, challenged the distribution of KOPI. VSP Coffee Candies Moekty Gunawan.

Jõgi Hendra Atmadja initiated criminal proceedings as the owner of a registered trademark, filing a complaint against the manufacturer of KOPI. BOS Coffee Candies under section 90 or 91 of the Trade Marks Act 2001. After Moekty Gunawan's investigation was declared closed, the case was transferred to the West Jakarta District Prosecutor's Office to be heard further in the West Jakarta District Court. The Chamber of Judges of the West Jakarta District Court, which heard this case, found that the accused, Moekty Gunawan, had been convincingly proven guilty of infringing the registered trademark rights of Jogi Hendra Atmadja. COPY. It has been established that the BOS mark is similar, in essence, to the trade mark KOPIKO, which was registered by Jogi Hendra Atmadja for similar industrial and commercial goods, namely coffee candies. The Panel of Judges of the West Jakarta District Court then sentenced him to 2 (two) years in prison and Rp 500,000,000.00 (five hundred million rupees).

Moekty Gunawan appealed to the Jakarta High Court. The Chamber of Judges, which examined the appeal, granted the defendant's application and granted it. The Chamber of Judges of the Jakarta High Court ruled that Moekty Gunawan's guilt of trademark infringement had not been legally and convincingly proven, as provided for in Section 91 of the Trade Marks Act of 2001, and therefore acquitted him of the charges.

After the appeal decision, the State Prosecutor filed an appeal in cassation with the Supreme Court. The Chief Justices then overturned the decision of the Jakarta High Court and upheld the decision of the West Jakarta District Court, imposing a prison sentence of 2 (two) years and a fine of Rp 500,000,000.00 (five hundred million rupees) on Moekty Gunawan.

Figure 2: Criminal Penalties For Trademark Infringement In Indonesia.

There are two interesting points regarding the trademark infringement case involving the Defendant mentioned above. First, as stated by Gunawan Suryomurcito, Jogi Hendra Atmadja initially only registered the KOPIKO trademark as a word mark. However, Jogi Hendra Atmadja later registered the packaging of KOPIKO brand coffee candy as a trademark that also included the layout and color scheme of the product packaging. This opened up the possibility of prosecuting anyone who used packaging that resembled the packaging of KOPIKO brand coffee candy, even if the trademark used was different from the KOPIKO word mark.

The second point, according to the author, is that this case shows that trademark protection is essentially aimed at registered trademarks that already have a clear legal basis for protection and specific regulations in the Trademarks Act. The orientation towards the protection of registered trademarks is stronger than the objective of preventing seizure as a form of unfair competition, given that the Trade Marks Act is a lex specialis compared to the articles of the Penal Code, such as Sections 382a and 393 on unfair competition, which threaten perpetrators of counterfeiting or trademark infringement, respectively, according to Act No 21 of 1961 on Corporate Trademarks and Trade Marks. The Trade Marks Act of 2001, which is the basis of the prosecution against Moekty Gunawan, does not call into question the requirement of reputation as one of the essential conditions for misappropriation of a sign, since the subject matter of the dispute is the use of a trade mark which is wholly or substantially similar to a registered trade mark owned by another person for goods or services which are similar to misappropriation by another person (Laskar, 2013). A registered trade mark is protected without the need to prove whether it is well known or not. In Indonesia, even the owner of a well-known trademark cannot bring criminal charges without registered trademark rights if any party infringes his trademark.

4.2.2. Infringement Of The SIDO MUNCUL Trademark (Civil Case)

Previously, a similar case occurred in 1997 during the enactment of Law No. 19 of 1992 concerning Trademarks as amended by Law No. 14 of 1997. However, unlike the KOPIKO case, which was resolved through criminal proceedings, the trademark infringement case between PT. Industri Jamu dan Farmasi Sidomuncul and Ping Liem was resolved through civil proceedings at the Central Jakarta District Court in 1997.

PT. Industri Jamu dan Farmasi Sidomuncul, as the owner of the registered trademark SIDOMUNCUL, sued Ping Liem for using a trademark that was essentially similar to the SIDOMUNCUL trademark. For his traditional herbal medicine products, Ping Liem used the trademarks SIDO DADI and MUNCUL KARYA, which were arguably not phonetically similar to the SIDOMUNCUL trademark. However, the packaging of the SIDODADI and MUNCUL KARYA products is designed to closely resemble the packaging of the SIDOMUNCUL traditional herbal medicine products manufactured by PT. Industri Jamu dan Farmasi Sidomuncul. A comparison of the use of the SIDOMUNCUL, SIDO DADI, and MUNCUL KARYA trademarks can be seen in the image below:

Figure 3: Brand Awareness Pyramid: Stages Of Consumer Recognition.

Previously, Ping Liem had filed an application to register the trademarks SIDO DADI and MUNCUL KARYA, which was subsequently rejected by the Trademark Office, resulting in both trademarks being classified as unregistered trademarks. In his lawsuit, the Plaintiff argued that Ping Liem's actions constituted a violation of the law because he used a trademark that was essentially similar to Plaintiff's registered SIDOMUNCUL trademark. In the lawsuit, the Plaintiff requested that Ping Liem cease his actions, pay compensation for damages, and apologize for his acts. The Plaintiff's lawsuit was granted by the Panel of Judges, which stated that the Defendant (Ping Liem) must cease using his trademarks and apologize to PT. Industri Jamu dan Farmasi Sidomuncul as the Plaintiff.

4.3. Overlapping Of Passing Off With Trademarks Deletion And Cancellation Actions

4.3.1. Deletion Of Registered Trademark That Has Passing Off Elements

Some Passing Off cases also have points of contact with civil law provisions relating to the registered trademark deletion and cancellation. Trademark law in Indonesia recognizes several grounds for deletion of registered trademarks, namely if a registered trademark is used in a manner inconsistent with its registration, or if it has not been used for 3 (three)

consecutive years since the date of its registration or the date of its last use (Suryaningsih et al., 2023). The mechanism for deletion action can be done through a voluntary request submitted by the trademark owner to the Trademark Office, or filed through a civil lawsuit to the Commercial Court by an interested party. Deletion of a registered trademark can also be done on the initiative of the Trademark Office.

One of the trademark deletion cases that has a point of contact with Passing Off due to similarities in colour scheme and layout on product packaging is a civil case between PT. Topindo Atlas Asia (Plaintiff) against PT. Lumasindo Perkasa (Defendant), which was examined and decided by the Central Jakarta Commercial Court. The Plaintiff, as the owner of the registered TOP-1 trademark for lubricants, filed a lawsuit to delete the trademark registered MEGATOP trademark, which is used by the Defendant for similar products. The Plaintiff objects to the distribution of MEGATOP lubricants because the packaging of these products closely resembles the packaging of lubricants manufactured and sold by the Plaintiff under the TOP-1 trademark, particularly due to the presence of the number 1 and an elliptical painting in the canter of the number that reads MEGATOP. The Defendant, as the owner of the MEGATOP brand, states that the number 1 illustration is a logo design registered as a protected work under the Copyright Law. Therefore, the Defendant believes they are entitled to use their copyright on the design in combination with its registered MEGATOP trademark.

Figure 4: Overlapping Legal Mechanisms for Combating Passing Off in Indonesia.

The Plaintiff's argument that the MEGATOP trademark should be deleted because it was not used in accordance with its trademark registration was rejected by the Central Jakarta Commercial Court. At the first instance, the Panel of Judges narrowly argued that the existence of copyright elements in the Defendant's trademark was a different legal domain from trademark law, even though both could be combined in a single lawsuit. However, the Panel of Judges argued that the Law No. 19 of 2002 concerning Copyright was not yet in force at that time. Article 78 of this law states that the Law No. 19 of 2002 will came into effect in 12 months after the date of its enactment. It means that this law only came into effect on July 29, 2003. Based on this provision, the panel of judges rejected the lawsuit filed by PT. Topindo Atlas Asia.

The applicant then appealed to the Supreme Court, which was dismissed. The Supreme Court deleted the defendant's registered trademark MEGATOP on the grounds that the actual use of the trademark as a verbal trademark of MEGATOP in the trademark register was not in conformity with the trademark (Raza & Alam, 2023). The word 'Megatop' thus placed on an elliptical circle and the number 1 show that the actual use of the mark is contrary to the registration by which only the word 'Megatop' was registered as a word mark. According to Dwi Rezki Sri Astarin, this decision is the right one, because the presence of MEGATOP lubricants was clearly intended to support the popularity of TOP-1 lubricants. The presence of these products clearly confuses the public, who assumes that the TOP-1 and MEGATOP lubricants are the same or produced by the same party.

4.3.2. Cancellation Of Registered Trademark That Has Passing Off Elements

Like any other country, Indonesia's trademark law recognizes a trademark revocation mechanism through litigation. Any interested party may bring an action for revocation of another person's registered trade mark on the basis of a number of criteria on which the action for revocation is based. For example, a registered trade mark is intended to bring an action for revocation if it is identical or substantially similar to a registered trade mark owned by another person for similar goods and/or services, or if the trade mark is identical or substantially similar to a well-known trade mark owned by another person in respect of similar or different goods and/or services.

An example of a specific civil case that illustrates the intersection of seizure and trademark revocation is PT. Gudang Garam Tbk. (Applicant) in an action brought against H. Ali Khosini (Defendant), heard and decided by the Surabaya Commercial Court. PT. In its action, Gudang Garam, as the proprietor of the registered and well-known trade mark GUDANG GARAM, annulled the trade mark GUDANG BARU, registered in the name of Ali Khosin, on the ground that that mark was essentially similar to the applicant's trade mark GUDANG GARAM for similar goods, namely cigarettes.

Figure 5: Brand Awareness Pyramid According To Freddy Rangkuti.

The Surabaya Commercial Court upheld the applicant's claim on the grounds that the trademark GUDANG GARAM is a well-known trademark and the trademark GUDANG BARU, registered by Joshua et al. (2023) in different variants, is essentially similar to the applicant's well-known trademark GUDANG GARAM. On this basis, the Surabaya Commercial Court ruled that the trademark GUDANG BARU, registered in the defendant's name, should be revoked and deleted from the trademark register.

The defendant appealed to the Supreme Court to have the decision of the Surabaya Commercial Court set aside. However, the Supreme Court dismissed the defendant's appeal and upheld the judgment of the Surabaya Commercial Court. As regards that final and binding decision, the applicant published it in the Kompas Daily newspaper on 4 July 2022 and requested all parties to cease the production and marketing of cigarettes under the GUDANG BARU brand name in any variant within 7 (seven) days from the date of notification. The applicant submits that the use of the trade mark GUDANG BARU, which was annulled by the court on the ground of its fundamental similarity to the trade mark GUDANG GARAM, constitutes a trade mark infringement punishable by Article 100(2) and Article 102 of the Trade Marks Law of 2016.

5. CONCLUSION

As this is a type of unfair competition in the field of intellectual property, in particular from the point of view of trademark law, the use of the sign is not specifically regulated in the Indonesian legal system, including trademark law. This is in contrast to Australia, which has the Commercial Practices Act 1974, where trademark attachment is specifically regulated by Section 52. Therefore, the most expedient measure for trademark proprietors to file a civil action under Article 1365 of the Civil Code is to sue the perpetrators of the sign infringement for wrongful acts (delict).

The provisions of Paragraph 382a of the Penal Code and Paragraph 1365 of the Civil Code, which allow indirect actions against perpetrators of unfair competition, including undertakings engaged in the acquisition of signs, have proved to be ineffective, since they presuppose the existence of actual damage, which is not easy. Nevertheless, the tendency of courts to require proof of actual damages is justified, because in practice, many companies are able to fabricate damages not only to use them as a basis for criminalizing others, but also to evade taxes. The burden of proving actual harm is also often applied in other articles that are not related to unfair competition, such as in the application of Article 374 of the Penal Code, which deals with misappropriation of a person by reason of his work or profession.

Unauthorized use of a trade mark which is fundamentally identical or similar to a registered trade mark in relation to similar or identical goods or services is classified as a trade mark infringement and the criteria for non-seizure do not apply. In the Indonesian system, the criterion for trademark infringement is similarity between trademarks, not reputation, misrepresentation and harm. Although the authorities may claim damages, the responses of the applicant or proprietor of a registered trade mark as a victim of such infringement may not reflect actual or even potential harm. Consequently, such an answer is used only to enable judges to weigh up the penalties to be imposed on the offender, but not to establish the seizure of a sign.

As a result, Passing Off cases in Indonesia can only be resolved through other mechanisms, namely by filing a civil lawsuit to the Commercial Court in the form of deletion or cancellation actions against a registered trademark. These two mechanisms do not require actual loss to be proven. The concept of Passing Off cannot be applied purely because, in addition to the absence of specific rules related to Passing Off, there is also an obligation to prove actual damages which is very difficult to implement.

Author Contributions: Conceptualization, Donny Alamsyah Sheyoputra and Idris; methodology, Donny Alamsyah Sheyoputra; software, Donny Alamsyah Sheyoputra; validation, Donny Alamsyah Sheyoputra, Idris, and Eddy Damian; formal analysis, Donny Alamsyah Sheyoputra; investigation, Donny Alamsyah Sheyoputra; resources, Donny Alamsyah Sheyoputra; data curation, Donny Alamsyah Sheyoputra; writing original draft preparation, Donny Alamsyah Sheyoputra; writing review and editing, Idris and Eddy Damian; visualization, Donny Alamsyah Sheyoputra; supervision, Idris; project administration, Donny Alamsyah

Sheyoputra; funding acquisition, Idris. All authors have read and agreed to the published version of the manuscript.

Acknowledgements: We thank the anonymous reviewers for their constructive comments. This work was partially supported by the Department of Law, Padjadjaran University. The authors would especially like to thank the personnel of the Commercial Court and Supreme Court for their support and technical cooperation in accessing case documents and legal materials essential for this research.

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