

# The Madrid Protocol in Indonesia: what you need to know

Indonesia's membership in the Madrid Protocol has had a noticeable impact on several aspects of daily practice and on the IP office itself, with a number of important developments for trademark professionals to note

**Indonesia formally became** the 100th country to accede to the Madrid Protocol on 2 October 2017 and started accepting international registration designations three months later on 2 January 2018. Two-and-a-half years on, enough time has now passed and sufficient data has been generated to be able to identify and examine some of the lasting effects of accession.

By pooling relevant information from various databases, it is possible to see which jurisdictions and companies have been the most active filers in Indonesia over the past 30 months – valuable insight as to who is essentially betting on Southeast Asia's biggest economy. Despite its vast challenges, Indonesia boasts an enormous

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**PICTURE:**  
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and exceedingly young population with increasing amounts of disposable income, along with sky-high levels of brand association.

Further, we can now see some of the impacts that Indonesia's accession to the Madrid Protocol has had on day-to-day practice and at the IP office – the Directorate General of Intellectual Property (DJKI). For starters, it has pushed the Trademark Office to fully embrace both the Nice Classification system and WIPO's Madrid Goods and Services (MGS) Manager. The DJKI's new filing system is an example of both this development and the significant technological advances that have coincided with accession. In addition, trademark pendency times



for international registrations designating Indonesia are now faster than those for national applications, while publications for opposition continue apace, generating additional work for local agents to offset the as-expected drop in national applications.

Meanwhile, decisions for national applications and oppositions are becoming more detailed in their analysis, mirroring the more comprehensive written decisions issued by the DJKI's Madrid team.

At the same time, it should be acknowledged that 30 months is not very long when considering the broader impact of Madrid membership on Southeast Asia's largest trademark jurisdiction, particularly when most of 2020 has been consumed by the novel coronavirus pandemic. Of course, Madrid accession should not be viewed as a panacea and trademark problems in Indonesia remain, including the ongoing plague of bad-faith filings, occasionally questionable examination results and some patchy data issues.

The hope here is that the rising tide of professionalism demanded by participation in the Madrid system will lift all boats at the Trademark Office, which could turn out to be the biggest impact of all.

**Sources**

Despite Indonesia's increased links with the global IP community, reliable statistics are still not readily available. As such, this article attempts to compile these from a number of sources.

Theoretically, international registrations designating Indonesia can be found in three places:

- the Madrid Monitor;
- the WIPO Global Brand Database; and
- the DJKI's online database (PDKI).

Of these, the Madrid Monitor is the most complete and up to date in terms of international registrations designating Indonesia. However, it does not contain local application details for Indonesia (eg, application number, filing and publication dates, and current status). Instead, this information can be found in the PDKI database – this is generally up to date but is entirely in Indonesian and does not have an effective search functionality or include images of the international registration marks as filed.

While WIPO's Global Brand Database has far superior search functionality, new Indonesian records have not been added since 16 August 2019. The DJKI switched to a new internal system on 17 August 2019 (its national Independence Day) and it has only updated the PDKI since that date.

Thus, obtaining and/or verifying information on an international registration designating Indonesia requires checking two – if not three – separate databases in two different languages, each with their own strengths and weaknesses. As a result, we have attempted to pull data from all three databases and crosscheck them to the greatest extent possible, as well as to review any available statistics published by the DJKI. Therefore, while we have done our best to ensure the accuracy of the numbers provided, given the paucity of reliable and publicly available data, it is recommended that the numbers here be viewed as

**TABLE 1:** Top 10 countries with applicants designating Indonesia (up to 10 August 2020)

Country	Percentage of total international registrations designating Indonesia
China	19%
United States	14%
Japan	12%
European Union	11%
South Korea	6%
Switzerland	4%
Germany	4%
France	4%
Australia	4%
Singapore	4%

**TABLE 2:** Top 10 corporate filers designating Indonesia (up to 10 August 2020)

Position	Company
1	Huawei Technologies Co Ltd
2	Apple Inc
3	Samsung Electronics Co Ltd
4	L'Oréal
5	Shiseido Company Limited
6	Amorepacific Corporation
7	Nintendo Co Ltd
8	Moose Creative Management Pty Ltd
9	Coupang Corp
10	Burn Cable Management Pty Ltd

reasoned approximations, not as definitive data points. That being said, much valuable information can still be gleaned from them.

**Numbers**

As of 10 August 2020, approximately 20,159 international registrations have formally designated Indonesia. Based on our own data collection efforts, we believe that approximately 6,221 international registrations designated Indonesia in 2018, the first year of eligibility. For 2019, we believe that there were approximately 9,655 international registrations designating Indonesia, a 55% increase from the previous year. For the first seven months and 10 days (61%) of 2020, we believe that there were approximately 4,283 international registrations designating Indonesia. If projected out over the whole year, this would represent a 27% decrease from 2019, most likely due in large part to the covid-19 pandemic. As such, it is difficult to draw any conclusions from the data at this point in time.

Other data sets are more conclusive. To date, applicants from China account for 19% of all international registrations designating Indonesia over the past two-and-a-half years, the highest percentage of any country (see Table 1). Applicants from the United States (14%) and Japan (12%) were the next most frequent designators of Indonesia during that time. Rounding out the top 10 are applicants from the European Union (11%), South

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## Number of international registrations that have formally designated Indonesia as of 10 August 2020

Korea (6%), Switzerland (4%), Germany (4%), France (4%), Australia (4%) and Singapore (4%).

While China and Japan are among the top investors in Indonesia in recent years, the only other jurisdiction from this list that also ranks in the top five in terms of foreign direct investment into Indonesia is Singapore.

On an applicant basis over the same timeframe, technology companies occupy the top three spots – Huawei Technologies Co Ltd, Apple Inc and Samsung Electronics Co Ltd – while two personal care/cosmetics companies finish out the top five: L'Oréal and Shiseido Company Limited (see Table 2). The remaining top 10 filers over this period are Amorepacific Corporation, Nintendo Co Ltd, Moose Creative Management Pty Ltd, Coupang Corp and Burn Cable Management Pty Ltd.

From this list of filers, it is unsurprising that the most popular Nice Classifications have been:

- Class 9 (appearing on 27% of all international registrations designating Indonesia);
- Class 35 (17%);
- Class 42 (15%);
- Class 3 (13%); and
- Class 5 (11%).

These are followed (in order) by Classes 41, 25, 7, 11 and 1.

Historically, local filers have dominated the trademark scene in Indonesia, typically accounting for around 76% of all applications filed each year. In 2018 – the only year for which statistics can be compiled – the total number of non-Indonesian filers increased by around 3,000 applications overall, as the number of international registrations more than offset the drop in national applications. If that trend continued in 2019 and extends into 2020, it would be a welcome development for Indonesia and would indicate more balance among its filers.

Despite their prolific filing numbers at home, Indonesian applicants filing abroad have traditionally been much rarer. The hope was that Indonesia's accession to the Madrid Protocol would change this. As Indonesia's minister of law and human rights, Yasonna H Laoly, stated hopefully at the time of accession to the Madrid Protocol: "Local enterprises can expand their business and benefit from exporting to other countries. I urge all small and medium-sized enterprises to register their trademarks." However, as of 10 August 2020, only 129 international applications had been filed by Indonesian entities. This is one area where the impact of Madrid accession has clearly been minimal despite genuine efforts undertaken by the government to promote understanding and awareness to the Indonesian business community and society at large regarding the benefits of Madrid filings.

Similarly, WIPO's statement on Indonesia's accession held that: "Membership in the Madrid Union will offer

Indonesian enterprises a straightforward path to new markets – including top export destinations like the United States, the European Union, China and Japan." Interestingly, the numbers show that Indonesian filers have not focused so much on these export markets, but instead have looked much closer to home with a heavy emphasis on fellow Association of Southeast Asian Nations member states – with export markets in the United States (10th) and Japan (11th) ranking below Singapore (first), Vietnam (second), Philippines (third), Brunei (seventh) and Cambodia (eighth), while the European Union (14th) ranks behind Turkey (12th) and India (13th). Australia and China are currently the fourth and fifth most designated countries by Indonesian entities.

### Impact

We can see from these numbers that there is a sustained interest among international registration applicants to protect their trademarks in Indonesia. The DJKI will likely hope that the 2019 numbers are more indicative of the true level of interest than the slightly depressed 2020 figures. However, even from the 2020 numbers, it is expected that around 7,000 international registrations will designate Indonesia this year, with heavy focus from developed economies such as China, Japan and Singapore. That they are also top investors in Indonesia bodes well – not only for continued filings but also for ongoing trade and investment, which could prove vital to Indonesia's recovery from covid-19.

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## Third-party oppositions to international registrations in particular have made a noticeable impression on the local IP scene

While increased numbers of international registrations may mean fewer national filings for local agents, they are also proven to create new opportunities, such as additional opposition and objection work. Third-party oppositions to international registrations in particular have made a noticeable impression on the local IP scene, primarily due to Indonesia's Trademark Law, which allows for publication of a mark as soon as it passes a formality examination but before any substantive examination has taken place. As such, the opportunity for new opposition work quickly emerged after Indonesia officially began accepting international registration designations in January 2018 and does not appear to have let up since.

Another impact on local practice has been the DJKI's closer embrace of the Nice Classification system and the MGS Manager. The Indonesian Trademark Office's current online filing system was launched in August 2019 and requires applicants (or their agents) to select the desired goods and services from lists of pre-approved items; these lists are based on – and generally match – both the Nice and MGS systems. Further, if an applicant wishes to include an item found in the Nice or MGS system that is not currently in the Trademark Office system, it can request the office to add it – although the DJKI will agree to do so only if the item is in either the Nice or MGS system.

As such, applicants of national applications are encouraged to use Nice Classifications or MGS from the beginning to craft their specifications. Applicants of international registrations designating Indonesia have the advantage of being able to avoid this requirement, although international registration specifications could still be objected to as being too broad or vague, among other common formality issues.

For international registrations that face formality issues or are preliminarily rejected, Indonesia does not currently allow local agents as the agent of record at the DJKI. Instead, they can carry out tasks based on specific powers of attorney but the agent of record will remain the one recorded with WIPO.

It is understood that the rejection rate of international registrations designating Indonesia is around 20%, which is viewed as relatively low. This is thought to be directly related to the presence of 12 dedicated, hand-picked and well-experienced examiners in the DJKI's 32-person strong Madrid team. As a result of their expertise, it is believed that they are less likely to issue questionable rejection notices, keeping the acceptance rate around 80%. Further, they have been given more autonomy to make decisions directly, with no need in most cases to have their decisions reviewed by a sub-director, as is required with national applications. This has helped the DJKI to meet its commitment to issue examination decisions within 18 months.

Based on informal information from the DJKI, it currently takes around 11 months from receipt of the international registration to issue the certificate. This compares favourably with the approximately 15 to 18 months from filing to grant for national applications, which itself is an improvement from the recent past when it could take upwards of three years for a national trademark application to be examined and granted. Therefore, while much progress has been made in reducing trademark pendency times generally, international registration examination timeframes are now setting a new standard, hopefully pushing the Trademark Office towards increased speed and efficiency across the board.

Madrid accession appears to have had another impact on the office by improving the content of its written decisions for oppositions and preliminary rejections of national applications. Previously, these decisions were extremely succinct, often providing no analysis other than listing the relevant articles in the Trademark Law. Now, they are starting to resemble the decisions issued by the Madrid team, which are more complete and

provide a certain level of analysis or reasoning, which is most welcome.

Given the requirement to complete examinations within 18 months, the ability to continue accepting, processing, publishing and examining international registrations – even during a pandemic – is vital for the Indonesian government to meet its international obligations. While Indonesia's accession to the Madrid system has coincided with significant improvements in the IT capabilities and offerings of the DJKI, it would be a stretch to say that there is a strong correlation between these developments. However, it is true that along with Madrid accession, Indonesia gained access to – and experience with – WIPO's Industrial Property Administration System (IPAS), which would have allowed the DJKI in-depth exposure to the type of IT infrastructure needed to facilitate the easy and efficient filing and processing of trademark applications and registrations. While the DJKI is no longer using IPAS and has developed its own system, the professional knowledge and experience gained from use of IPAS surely must have helped the people there understand the type of IT system required of a modern and efficient IP office. This is the type of positive impact that can result from increased links with the international IP community and help to mature day-to-day practice in Southeast Asia's largest trademark jurisdiction.



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### Comment

Indonesia's membership of the Madrid Protocol over the past two-and-a-half years has had a noticeable impact on several aspects of daily practice and on the DJKI itself. It has also provided an easy and cost-effective way for thousands of non-Indonesian entities – many from key foreign investment jurisdictions – to protect their trademarks in Indonesia. Handling these international registrations over the past 30 months has required a professional and efficient response from the Indonesian Trademark Office and seems to have begun to positively affect other areas of its work. While Madrid membership is not expected – or designed – to solve systemic problems such as trademark squatting, it does provide the opportunity for mitigation through proactive international registrations designating Indonesia.

Understanding broader effects such as this will take more time, but for now, the initial signs are encouraging. **WR**



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