

# Legal Protection on the Brand Owners for Counterfeiting Brands Traded through Electronic Transactions on Online Marketplace Platforms (E-Commerce)

Sintia Fitri\*, Nur Afni Askar, Artista Helendian Loemnanu, & Ni Nengah Ayudhya Shantika Devi

Faculty of Law, Universitas Airlangga, Surabaya, Indonesia

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## Abstract

The aim of this research is to determine legal protection on the brand owners for counterfeiting brands traded through electronic transactions on online marketplace platforms (E-Commerce). This research method used normative law or what is often called library research as this research utilized statutory regulations approach or other legal materials and concepts. In which research legal materials were carried out by examining library materials. The data used uses secondary data originating from scientific journals, books and other supporting references. Brand owners are afforded legal protection by the state if their brand has been registered with the Directorate General of Intellectual Property Rights and has received exclusive rights to that brand. This protection is enforced by the state. Regarding counterfeiting of brands that are bought and sold through transactions on the Online Marketplace (E-Commerce) platform, brand owners can make efforts to resolve disputes as regulated in Law Number 20 of 2006 concerning Trademarks and Geographical Indications through court (litigation) and outside court (non-litigation).

*Keywords:* Brand Owners, Brand Traded, Electronic Transaction, Legal Protection, Online Marketplace.

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## 1. Introduction

Entering the 21<sup>st</sup> century, often called the era of Society 5.0, where science and technology are increasingly developing, this is marked by the presence of the latest innovations. Every country must face the fact that technology is very important for life (Hairi, Prianter, 2021). In Indonesia, technological development is very rapid and increasingly sophisticated, where in the past, people only carried out buying and selling transactions directly, such as in the traditional market or so on. Now, buying and selling transactions can be done through the Online Marketplace (E-Commerce) platform (Sudirman & Disemadi, 2023; Tjipto, 2022).

E-Commerce is closely related to technological developments, triggering creative ideas to create new breakthroughs in the way of doing business (Charos et al., 2023; Kawa & Wałęsiak, 2019). However, it cannot be avoided that current information technology has positive and negative sides. On the one hand, this technology can provide benefits and contribute to increasing welfare and progress in human civilization. But on the other hand, this technology can be a great opportunity for an unlawful act to occur, one example of which is unlawful acts against intellectual property rights (Bracci et al., 2022; Syefi Putri Amanda & Anajeng Esri Edhi Mahanani, 2023).

The World Intellectual Property Organization (WIPO) defines Intellectual Property Rights as the legal protection rights obtained from the results of human intellectual abilities, which consist of two parts, namely copyright and industrial property rights (Nurma Fitriani et al., 2022). One of the intellectual property rights regimes that has a crucial position in trading activities is a Brand. Based on Law Number 20 of 2016 Article 1 Number 1 defines a brand as a sign that can be displayed graphically in the form of images, logos, names, words, letters, numbers, color arrangements, in 2 (two) dimensions and/or 3 (three) dimensions, including sound, hologram, or a combination of 2 (two) or more of these elements to differentiate goods and/or services produced by individuals or legal entities in goods and/or services trading activities.

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\* Corresponding author.

E-mail address: [sintia.fitri-2022@fh.unair.ac.id](mailto:sintia.fitri-2022@fh.unair.ac.id)

A brand, which is the identity of a good or service, of course has a very important role in relation to a product. Even though the brand is just a name, it can be the selling point of a product, where this brand can become the product image and can create attractiveness in society so that the brand has economic value (Indriyani, 2017; Tjipto, 2022). In Indonesia, the right to a trademark is considered an exclusive right based on Article 1 Number 5 of Law Number 20 of 2006 concerning Trademarks and Geographical Indications, which explains that the right to a trademark is an exclusive right granted by the state to the owner of a registered trademark for a certain period of time by using the Trademark itself or giving permission to other parties to use it. Thus, a brand owner who has registered his/her brand with the state and has received a certificate for that brand, means that the brand owner's rights have been protected and other parties cannot use the brand without the consent of the brand owner and misuse the brand (Utomo et al., 2021; Widyastuty & Widiiana, 2022).

However, in daily life, it cannot be denied that illegal acts related to brands often occur, one of which is using a product brand without permission from the brand owner by counterfeiting the brand with the aim of gaining profit, which can cause losses to the brand owner and can cause damage (Corazza et al., 2014; Nanda & Tarina, 2022). The product image brand is related to the identity of a product, which has its own prestige and is also related to the quality of the brand's products and their the economic value.

E-commerce platforms in Indonesia often find products being sold, but these are the result of brand infringement (Haris Sanjaya & Arabella, 2023), namely brand counterfeiting, where the seller sells products that are cheaper than original brand products with quality below the standard of original brand products, for instance there are sales of Adidas-branded shoes that look like real Adidas shoes, but they are sold at low prices and with substandard quality from the original Adidas shoes. Based on the explanation above, selling counterfeit brand products on the E-Commerce Platform is certainly very detrimental to the owner of the brand that has been imitated and counterfeited, as well as damages the brand reputation. Brand owners must be facilitated with the legal protection for brands that have become their rights and property. The aim of this research is to determine legal protection on the brand owners for counterfeiting brands traded through electronic transactions on online marketplace platforms (E-Commerce).

## 2. Method

This research method used normative law or what is often called library research as this research utilized statutory regulations approach or other legal materials and concepts (Peter Mahmud Marzuki, 2022). In which research legal materials were carried out by examining library materials (Asikin, 2004). The data used uses secondary data originating from scientific journals, books and other supporting references.

## 3. Results and Discussion

### 3.1. Legal Protection on the Brand Owners for Counterfeiting Brands Traded through Electronic Transactions on Online Marketplace Platforms (E-Commerce)

Legal protection can be interpreted as an action or regulation, whether in the form of written regulations or unwritten regulations. According to Satjipto Rahardjo, legal protection provides protection for human rights (*HAM*) that are harmed by other people and this protection is given to the community so that they can enjoy all the rights granted by law. Moreover, law can be used to create protection that is not only adaptive and flexible, but also predictive and anticipatory. Law is needed for those who are weak and not strong socially, economically, and politically to obtain social justice (Satjipto Rahardjo, 2000). Legal protection can be interpreted as a manifestation of justice, order, interests, certainty, and tranquility in society through laws that are in accordance with the concept of human rights, which protect the dignity and interests of society. Philipus M. Hadjon stated that legal protection is the protection of dignity and recognition of human rights (Hadjon, 1987).

The criminal act of brand counterfeiting is no longer a taboo matter in daily life. Of course, we often find that goods sold on the market are counterfeit goods. The existence of these counterfeit goods is very detrimental to the owners of the counterfeited brands and also to consumers. With the development of technology, where shopping methods are increasingly varied, people are now familiar with E-Commerce. Of course, this can make shopping process easier for us and its reach is even wider. E-Commerce, which is a place for business actors to compete in buying and selling their products, turns out that many products being bought and sold in E-Commerce are actually products resulting from criminal acts of brand counterfeiting, which is very important for owners of original brands and can also damage the brand image. Therefore, legal protection for the brand owner is also very important. The state has of course

provided protection to brand owners, where this protection is given by the state to brand owners in the form of exclusive rights to the brand that they have registered.

Regarding perpetrators of brand counterfeiting and then buying and selling products via E-Commerce, there are no special regulations governing this, even though the impact of selling via E-Commerce is wider than trading carried out directly, such as in the market. According to the explanation above, the problem of brand counterfeiting is very detrimental to the brand owner, so regarding legal protection for the brand owner, it is not only from a legal perspective but also economic and social aspects that exist in society (Marwiyah, 2010).

Regarding the protection of intellectual property in electronic transactions or commerce, it is regulated in Article 25 of Law Number 11 of 2008 concerning Information and Electronic Transactions, which states that electronic information/electronic documents are compiled into intellectual works, internet sites, and intellectual works contained therein protected as intellectual rights based on statutory provisions. Therefore, it is known that a brand is part of intellectual property, but the law does not yet regulate protection for brand owners whose brand is used in electronic transactions as a result of unlawful acts. In addition, there is no regulations governing criminal provisions for perpetrators of criminal acts of brand counterfeiting where the proceeds of the criminal act are bought and sold through electronic transactions.

Law Number 20 of 2006 concerning Trademarks and Geographical Indications provides two types of legal protection for brands as follows preventive Legal Protection and Repressive Legal Protection. Based on regulations regarding trademarks, it is known that trademarks that receive protection must be first registered because trademarks use a constitutive system (first to file). Trademarks that are not registered are certainly not protected by law. Brand protection also has a protection period, which in Article 35 of Law Number 20 of 2006 concerning Trademarks and Geographical Indications explains that registered marks receive legal protection from the date of receipt until 10 years later and can be extended for next 10 years. Repressive legal protection, namely legal protection to resolve problems that arise related to resolving trademark violations, can be done in two ways, namely through litigation and non-litigation.

The brand owner can file a civil lawsuit at the commercial court, which will be directed at the party who counterfeited the brand and used the brand to make a profit. Article 83 paragraph (1) of Law Number 20 of 2006 concerning Marks and Geographical Indications explains that registered Mark Owners and/or registered Mark License recipients can file a lawsuit against other parties who unlawfully use brand that are substantially or entirely similar to goods and/or similar services in the form of claim for compensation: and/or cessation of all actions related to the use of the brand. In this lawsuit, the brand owner can ask for compensation. A claim for damages is the payment of a sum of money as compensation for an act of infringement. Compensation is generally based on the amount that the brand owner would have received if the brand infringement had not occurred. In this lawsuit, the plaintiff must be able to prove that he was harmed by the defendant's actions, and the aim of providing compensation is to place the plaintiff in the same situation as before the violation occurred (Jened, 2017).

Besides the civil lawsuits, brand owners can also file criminal charges against perpetrators of brand counterfeiting as regulated in Article 102 of Law Number 20 of 2006 concerning Marks and Geographical Indications which states that every person who trades in goods and/or services and/or products that are known or worthy suspected of knowing that the goods and/or services and/or products are the result of criminal acts as intended in Article 100 and Article 101 shall be punished with imprisonment for a maximum of 1 (one) year or a fine of a maximum of IDR 200,000,000.00 (two hundred million rupiah).

Article 103 of Law Number 20 of 2006 concerning Trademarks and Geographical Indications also explains that criminal acts regulated in this law are complaints. A complaint offense is a type of offense or criminal act, which in the formulation of the offense is clearly stated that this criminal act can only be prosecuted if there is a complaint from an interested person (Kumendong, 2017). Thus, the brand owner, whose brand has been counterfeited, must make a complaint if he wants the perpetrator of the brand counterfeit to face criminal charges. It is known that there are three ways to resolve disputes through non-litigation channels, namely Negotiation, Mediation, and Arbitration. Regarding trademark dispute resolution, apart from being resolved through court, the parties can also resolve disputes through alternative means of dispute resolution and arbitration. The methods that can be chosen by the parties are Consultation, Negotiation, Mediation, Conciliation, and Arbitration as explained in Article 93 of Law Number 20 of 2006 concerning Marks and Geographical Indications.

#### 4. Conclusion

Brand owners are afforded legal protection by the state if their brand has been registered with the Directorate General of Intellectual Property Rights and has received exclusive rights to that brand. This protection is enforced by the state. Regarding counterfeiting of brands that are bought and sold through transactions on the Online Marketplace (E-Commerce) platform, brand owners can make efforts to resolve disputes as regulated in Law Number 20 of 2006 concerning Trademarks and Geographical Indications through court (litigation) and outside court (non-litigation).

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