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**Industrial Design Protection in Indonesia: A Comparative Study of  
the Law on Industrial Design Protection between Japan and Indonesia**

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# **Industrial Design Protection in Indonesia: A Comparative Study of the Law on Industrial Design Protection between Japan and Indonesia**

## **I. Introduction.**

### ***1.1. Background***

Nowadays, the economic development could not be separated from the increasing of international intellectual property based trade activities. Industrial Design as one of Intellectual Property Rights legal systems play an important role in the trading of consumer goods or products, and as proven in our daily life, most people do depend on the appearance of products resulted from works of designing. We can find any products with different appearance on markets, and we will choose every single product that meets our tastes. From this point of view, industrial design is a very important tool for an industry to gain market share by providing new designed products or goods that meet the consumer tastes.

Due to its nature, industrial design is close-linked in between form and function of an article or a product. Certainly the main purpose of industrial design is to make products look good, to provide an attractive appearance that makes consumers prefer to buy and use them. Yet designers have other equivalent important goals. A good industrial designer also wants to make products easy (and perhaps even fun) to use, safe to have and operate, easy and cheap to manufacture, and simple to repair. Simply, when we look at any kind of products or goods carefully, then we come to a thought that such a product or goods in terms of its appearance certainly, is made through developing of creations of human creativity. Thus, if creations of human creativity are involved in a certain marketable products or goods, then in certain conditions

intellectual property rights exist, and need to be rewarded in the form of protection.

In most countries all over the world, Industrial Design needs to be registered in order to be eligible for the protection. However, due to different point of views in terms of national directions and legal infrastructures in any respective countries, it is common that there are some differences regarding to administrative and substantive procedures applied to administer of Industrial Design Protection in each country. In order to minimize such differences and to provide public with a highly assurance on the protection of Industrial Design and further nurturing the industry of any country, a comparative study on the administration of such an IPR field is a necessity to improve the quality of protection itself.

As industrial designs are vital to the promotion of trade and innovation, and the protection of consumer as well as designer interests, a study on the protection of industrial designs will be meaningful. The norms of industrial design protection prescribed in the Paris Convention and the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPs Agreement) are internationally recognized as minimum standards in the IPR administration of every member states. Without leaving international treaties or conventions behind, more effective protection is currently found in national practices. The Paris Convention and the TRIPs Agreement just set up minimum standards that should be applied to legislations in line with public policy objectives of national system for the protection of IPR, as well as objectives for developmental of technology.<sup>1</sup>

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<sup>1</sup> see. The World Trade Organization (WTO), Preamble of the TRIPs Agreement (1994).

### ***1.2. Objectives***

For the purpose of those reasons, in this report, Indonesian industrial design practice will be studied and compared with practices under Japanese system and/or other jurisdictions with references to the minimum standards prescribed by the TRIPs Agreement or the Paris Convention. The objective of this study is to explore the recognition and enforcement of Industrial Design protection by comparing the Laws of Industrial Design between Indonesia and Japan with a view to develop further legal basis in providing strong and effective protection of Industrial Design Rights in Indonesia in line with national directions and international standards. At the same time this study also attempts to highlight the principles behind different point of views (provisions) in the protection of industrial design between those countries with respect to their resulting advantageous and disadvantageous.

### ***1.3. Systematic***

Three factors determining whether or not Industrial Design Protection being well administered and effectively enforced, are identified in this study. In this report, the three factors need to be analyzed cover aspects in terms of administrative, substantive and legal matters. The inquiry accordingly, focuses on the discussion of those factors in Industrial Design Law of both countries.

In this report, in Part II, I will present international perspectives on the protection of industrial designs with references to the Paris Convention and the TRIPs Agreement. In this part, I will look at general practices among countries to administer industrial design rights in relation to international obligation under the Paris Convention and the TRIPS Agreement. Next in Part III and IV, I will present the practices of industrial design protection in Indonesia and Japan according to their respective industrial design legislations and procedures therefore.

In the following part, aspects on the legislation i.e. administrative, substantive and legal procedure aspects will be discussed particularly with respect to the similarities and differences between respective legislations to find out the background behind those legislations. In this part, I will explore those legislations in terms of advantageous and disadvantageous between them, particularly in relation to its effect on public and private sectors. Finally, as the conclusion on the basis of the comparison of this study, I will extract a few possible positive impacts for further improvement to promote and protect industrial designs in Indonesia and/or in Japan in line with national and international standards.

## **II. International Perspective on the Protection of Industrial Design**

### ***2.1 Industrial Design Protection in General***

As the most definition in the IPR legal terms, the meaning of Industrial Design covers both aesthetic and functional aspects applied to an article. Industrial Designs Laws generally protect designs that are ornamental or aesthetic in nature, and are applied on industrial products. Under the Japanese Design Law, 'industrial product' means articles of manufacture appropriate for mass production.<sup>2</sup> Other jurisdiction prescribes that a 'product' means 'a thing that is machinery manufactured or hand made'.<sup>3</sup> There is a slight different on the meaning of product that any design can be applied in some legislations, but at the end they still have the same interpretation that such a product has any utility function.

Such designs applied to any particular product are usually non-functional and merely enhance the aesthetic appeal of industrial products. Thus, there is a confusion whether industrial design fall within copyright or industrial property coverage. In this respect, in order to distinguish between copyright and industrial property, purely artistic designs that cannot be applied to any industrial product are excluded from the protection of industrial design.<sup>4</sup> In another respect, similarly, purely functional designs in any particular product are also excluded, because they are covered by patent law, i.e. designs that are dictated solely by the functions on which articles are to perform.<sup>5</sup> A wide range of products on which industrial design can be applied; they include furniture, packaging, watches, textiles, handicrafts and many other things. Such designs, while being creative and utilitarian, do not usually take up huge

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<sup>2</sup> See. Section 3(1) of the Law No. 125 of 1959 and Design Examination Standards.

<sup>3</sup> See Section 6 of Australian Design Act No. 147 of 2003

<sup>4</sup> see Brian W. Gray & Effie Bouzalas, "Industrial Design Rights: An International Perspective", Kluwer Law International, London 2001, p. 178.

<sup>5</sup> See WIPO, "What is Industrial Design", [www.wipo.int](http://www.wipo.int), visited on 10 May 2004

investments. Their economic value lies in enhancing the aesthetic appeal of industrial products to consumers.

Industrial design can also be protected under copyright law,<sup>6</sup> thus there is a possibility to obtain simultaneous and concurrent protection. This means that even though any designs fail to obtain industrial design protection, but in some jurisdictions they can be covered by copyright law. Copyright protection is automatically available, without formalities, upon the creation of a design in the form of drawing, a photograph, data, a sculpture or a 3-dimensional shape. However, even while copyright gives a longer term of protection, unlike industrial design rights generally, in principle copyright laws protect the creations only against direct reproduction and not against independent development of a similar design. In another jurisdiction, trademark laws also may be applied to protect 3-D marks, including trade dress,<sup>7</sup> if they are distinctive signs capable of distinguishing goods with respect to the origin of the goods to avoid from deceiving consumers. In some jurisdictions, laws of unfair competition, including the common law of passing off, would also apply to industrial designs.<sup>8</sup>

## ***2.2. International Standard on the Protection of Industrial Design***

### ***2.2.1. Paris Convention***

Historically, to unify different procedures on the protection of industrial design, the Paris Convention stipulates that all member countries shall protect industrial designs.<sup>9</sup> However, there are no more detailed provisions regarding the definition, scope or duration of such protection

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<sup>6</sup> see. Ibid No. 4, p. 203; for example, Netherlands prior to January 1 of 1975 protects industrial designs through copyright law and another country such as Great Britain before 1988.

<sup>7</sup> See Jay Dratler, Jr, "Trademark Protection for Industrial Designs", University of Illinois Law Review No. 887, 1998

<sup>8</sup> see Japan Patent Office, "IPR Training Textbooks 2003", Tokyo 2003 (CD ROM).

<sup>9</sup> See WIPO, Article 5 quinquies of Paris Convention, "Industrial designs shall be protected in all the countries of the Union," Geneva , 1995.

in this convention. Yet, the Convention provides the right of priority for the application acceptances for the registration of industrial designs filed in any convention country; it is a period of time of six months since the first filing<sup>10</sup> of an application in any member country. Another provision regarding industrial designs, Paris Convention also provides prohibition of any forfeiture of industrial designs for the reason of failure to work or for reasons of importation of articles related to the protected designs.<sup>11</sup> Further more Paris Convention prohibits any member country to require any indication or mention of industrial designs over the goods as a condition of recognition for the right of protection.<sup>12</sup>

In administering the protection of industrial designs, the Paris Convention then stipulates standards regarding certain procedural matters such as a temporary protection in respect of goods exhibited at an official or officially recognized international exhibition held in any territory of member countries.<sup>13</sup> This provision known as the exception to the lack of novelty is implemented by most of member countries to provide design right holders enough time in developing their products in markets. In another respect, the Convention also called for the establishment of office for the communication to the public.<sup>14</sup> This provision has an objective to call for member countries handling industrial design protection through their national office.

Under the Paris Convention, member countries may freely choose the way to protect industrial designs. As the definition of industrial design in general, it provides that a “design” is a measure to make an industrial product or good has an attractive appearance in terms of the shape, color, pattern, and configuration, etc. of such a good for the purpose to

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<sup>10</sup> See Ibid, Article 4(C) (1) and (2).

<sup>11</sup> See Ibid, Article 5(B)

<sup>12</sup> see Ibid, Article 5(D)

<sup>13</sup> see Article 11, *ibid*

<sup>14</sup> see Article 12, *ibid*

establish the market power of such an industry. In order to achieve such a condition, there should be a mechanism to protect industrial design. Due to different point of views on the national directions of any particular country, this leads to a non-uniform provision to protect industrial design throughout the world. Generally speaking, basically there are two approaches to protect industrial designs, i.e. the patent approach, and the copyright approach. Under the patent approach, the provision requires an examination as to substantive before the registration. On the contrary, under the copyright approach, there is no need substantive examination to protect industrial design. The US, Japan, Australia, United Kingdom are some of typical countries using the patent approach to protect industrial design. Whereas, the Netherlands, German, France, Spain are some of typical countries protecting industrial designs through copyright approach.<sup>15</sup>

### ***2.2.2. The TRIPs Agreement***

The most important agreement in the field of intellectual property rights is the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) under auspices of the World Trade Organization, which produced new standards for the protection of intellectual property rights. As an international consensus, the Agreement has an objective to reduce barriers on international trade by considering an effective and adequate protection of intellectual property rights and its enforcement.<sup>16</sup> Many obligations should be taken by member countries to enforce intellectual property laws under their jurisdictions. While member countries are obligated to comply with the minimum standards of TRIPs, at the same time they also have other options to develop their intellectual property laws in response to their own legal systems and domestic needs.<sup>17</sup> In

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<sup>15</sup> see Brian W. Gray & Effie Bouzalas, "Industrial Design Rights: An International Perspective", Kluwer Law International, London 2001.

<sup>16</sup> See the TRIPs Agreement, the objective of the Agreement

<sup>17</sup> see *ibid.*, at point (c)

implementing the TRIPs provisions, member countries may freely adopt regulations to ensure a balance between the minimum standards of IPR protections and public needs; they may adopt policies which are conducive to social and economic welfare, such as, the necessity to protect their national interest for their socio-economic and technological development, as well as to adopt policies for preventing the abuse of intellectual property rights.<sup>18</sup>

There is no detail provision of industrial designs protection under the TRIPs Agreement, but the Agreement has already made some substantive provisions on the protection of industrial designs. Each member country may have a freedom to apply the standard to their legislations, either by using the patent approach or the copyright approach in protecting industrial design.<sup>19</sup> With respect to the scope of protection, in one provision it is stated that member countries should provide the protection of “independently created” industrial designs that are new or original.<sup>20</sup> Further in this provision, member countries may provide that designs are not new or original, if they do not significantly differ from known designs or combinations thereof, and such a protection does not extend to designs dictated merely by technical or functional considerations.

In that provision, it is clear that member countries should protect industrial design if they are new or original. However, the requirement that any design application should be new or original is still unclear. In this respect, the wording of the second sentence (“...Member may provide...if they do not...”) still give the freedom to member countries to choose the requirement of novelty or originality. There is no clear standard in determination the novelty or originality of any design

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<sup>18</sup> see Michael Blakeney, “TRIPs: A Concise Guide to the TRIPs Agreement”, Sweet & Maxwell, London 1996, p. 43. Also see Article 8(2) of the TRIPs Agreement.

<sup>19</sup> See Article 25(1) of the TRIPs Agreement.

<sup>20</sup> See *ibid*, at article 25 (1)

application in the Agreement rather than to give member countries options to interpret the novelty or originality according to their respective national laws. Referring to this matter, one believes that it should be the matter of national directions to determine the registrability of industrial designs.

Some member countries refused to impose the substantive examination for assessing the “novelty” or “originality” of any design application in the registration procedure for the protection of industrial design.<sup>21</sup> In this respect, such countries applied the copyright approach to protect an industrial design. One can advocate that the wording of Article 25(1) is to compromise different points of view of member countries in order to adopt the provision that the protection will be based on the new design which is significantly different from known designs. However, we have to remember that it is still an optional in nature for the reason the wording of the sentence (“...member may provide ...”) as mentioned above. Thus, the provision on the determination of novelty or originality is still open to member countries, for the reason that the definition of novelty or originality should meet with the national needs and the agreement standards.

Furthermore, member countries still have another option to choose between an absolute standard of a worldwide novelty<sup>22</sup> or a novelty within a particular jurisdiction<sup>23</sup> or in any certain conditions<sup>24</sup>, which makes the granting procedures to protect industrial designs are not uniform between member countries. Regarding to the matter of granting procedure, some member countries apply the provision of post grant opposition to invalidate design rights wrongly granted by national

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<sup>21</sup> see Watal, Jayashree,, “Intellectual Property Rights in The WTO and Developing Countries”, Kluwer Law International, London, 2001, p.279.

<sup>22</sup> see Art. 2 of Indonesian Design Act No. 31 of 2000; and section 3(1) of Japanese Design Act No. 125 of 1959.

<sup>23</sup> see. Current Legislation of Australian Design Act of 1906 (as amended on 1981) at section 17(1)(a)

<sup>24</sup> see. Corresponding Design, at Divison 8, Part III of Australian Copyright Act of 1968.

offices.<sup>25</sup> Basically, some jurisdictions including Indonesia and Japan as well as Australia, they all apply for post grant opposition/cancellation to give public an opportunity to revoke any registered design wrongly granted, even the procedure for such an opposition/cancellation is a little bit different each other.

One can argue whether or not an examination before registration of design will give public with strong assurances of protection so that any registered design may be well recognized and enforceable. To answer that argument, there are possibilities to impose a lower or a higher standard on the examination with their respective implications. This can be seen in a situation where one may raise an inquiry that for particular conditions, true creativity could be well recognized and encouraged by imposing a minimum requirement of novelty and/or originality. Under this presumption, where lower standard is imposed to the registrability of any design, then this will increase the number of application with a small variation between them to be protected. However on the contrary, by requiring high standards of novelty and/or originality, one presumes that it will have implications in decreasing of domestic design applications.<sup>26</sup> Thus, imposed standards on the designs registrability could be based on national needs as long it is still in line with the international standard.

In addition to the requirement of novelty or originality, countries are also free to exclude the protection of designs that are dictated essentially by technical or functional considerations, a feature found in the design law of most member countries.<sup>27</sup> Such designs could be subject to patent or utility model protection. Designs that are merely description of the

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<sup>25</sup> See Japan Patent Office, "IPR Training Textbooks 2003", Tokyo 2003 (CD ROM)

<sup>26</sup> see Watal, Jayashree,, "Intellectual Property Rights in The WTO and Developing Countries", Kluwer Law International, London, 2001, p.279.

<sup>27</sup> Design Laws applied in Indonesia, Japan and Australia exclude the protection for product designs for the purpose characterized by only technical or functional features.

ordinary shape of an object or industrial product are also usually excluded from the grant of such protection as they are usually not novel or original.<sup>28</sup>

With respect to Article 25(2) of the TRIPs Agreement, it is clear that member countries may protect industrial designs related to copyright-works through Design Law or Copyright Law. In most jurisdictions, industrial designs protection may be subject to examination and registration procedures. Depending on their interests, some member countries particularly those have preferences in the protection of textile designs, may provide that a short life cycle textile product may be granted in an expeditious and timely manner. The requirement that costly, time consuming or burdensome procedures should be avoided in granting protection for textile designs as prescribed in the Article 25(2) of TRIPs.

For the purpose of the obligation of Article 25(2), either the copyright or design law can be applied to protect textile designs. Under the copyright law, the owner of the design rights would obtain the protection automatically from the date of creation, even without any formal registration. However, there should be a provision under the design law to provide such an exemption for any copyrighted works applied as an industrial design; otherwise it will overlap with the protection conferred by the Design Law.<sup>29</sup>

The TRIPs Agreement also provides for the scope of protection of a registered design. The design owner has the right to prevent others without his or her consent from making, selling,...articles embodying a protected design for commercial purpose.<sup>30</sup> Under this provision, an infringement will be taken place if such an action is done for commercial

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<sup>28</sup> Ibid, such designs are deemed do not comply with the requirement of novelty.

<sup>29</sup> See Michael Blakeney, "TRIPs: A Concise Guide to the TRIPs Agreement", Sweet & Maxell, London, 1996, at p.75

<sup>30</sup> see Article 26(1) of the TRIPs Agreement

purposes; the same approach is also applied in copyright or patent. However, in order to balance between private and public interests, with respect of this matter, TRIPs also provides limited exceptions on the use of a registered design by third parties that do not unreasonably conflict with the legitimate interests of the right holder, and by taking into account the legitimate interests of third parties.<sup>31</sup> In this regard, the term of third parties could mean the general public. The provision seems to accommodate the needs of member countries on the compulsory licenses for the benefit of public. Furthermore, designs that are contrary to morality or public order could be refused from the procedure of registration.

The TRIPs Agreement also provides an obligation that the duration of design rights protection shall be at least 10 years.<sup>32</sup> This wording is not stricter than the wording used in the TRIPs for other IPRs such as copyrights, patents, trademarks or layout design of integrated circuit. This wording is meant to accommodate different initial term of protection, as long as the total duration of the protection afforded does not fall less than 10 years. Many member countries provide an initial term of five years, renewable for equivalent periods for a total period beyond the 10 years as required by TRIPs.<sup>33</sup>

### ***2.2.3. The Hague Agreement***

The Hague Agreement deals with the international application of industrial designs seeking for the protection in several countries at the same time. The Agreement offers the possibility to obtain protection of industrial designs in a number of member countries through a single

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<sup>31</sup> see Article 26(2) of the TRIPs Agreement

<sup>32</sup> see Article 26(3) of the TRIPs Agreement.

<sup>33</sup> Great Britain Law provides for design protection up to 25 years; Japan Law provides for 15 years from the registration date; Indonesian Law provides for 10 years from filing date as well as Australia under the new law (will be enforced on 17 June 2004).

application filed with the International Bureau of WIPO. The procedure seems similar with the PCT procedure for the patent system. This Agreement provides the applicant with a single application to replace several applications designated for several member countries.

The Hague Agreement has been established since 1925 and entered into force in 1928.<sup>34</sup> The Agreement has been revised several times to accommodate the development of national legislations of member countries. Up to the year of 2003, there are three main substantive provisions on this Agreement; they are the London Act of 1934 (15 member countries), the Hague Act of 1960 (30 member countries), and the Geneva Act of 1999 (14 member countries, but not effected yet by the end of 2003) with the administration under the World of Intellectual Property Organization (WIPO).<sup>35</sup> There are some reasons that some countries are not bound to the Agreement (the London Act 1934 and the Hague Act 1960). One of such reasons is the provisions of the Agreement (under the London 1934 Act and Hague 1960 Act) do not meet the requirements of their national legislations with respect to the examination for novelty and the examination time frame.

*a) the London Act of 1934*

The London Act 1934 is an international arrangement of industrial designs on the basis of the principle called by “copyright approach”. The Hague Act of 1934 is mainly characterized by the fact that a design will be protected in the contracting states immediately after the design is deposited at the International Bureau.<sup>36</sup> In other words, the international deposit of an industrial design under this Act is based on the declarative principle as stipulated in Article 4 of the 1934 Act. Under this Act, there is no substantive examination needed for the protection of an industrial

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<sup>34</sup> See, Denis Cohen, “The International Protection of Design”, Kluwer Law International, London, 2000, p. 7

<sup>35</sup> see, WIPO, “Information Notice No. 12/2003”, URL: [www.wipo.int](http://www.wipo.int), visited May 14, 2004

<sup>36</sup> see, Article 4 of the London Act 1934

design in each designated country once it is deposited in the International Bureau of WIPO. The Act also stipulates that the term of protection of an international deposit will be lapsed for 15 years totally (divided into the first for 5 years and the second for 10 years).<sup>37</sup>

*b) the Hague Act of 1960*

Unlike the London Act, the Hague Act shifted the basic approach for the international protection of industrial designs from the “copyright approach” to the “patent approach.” This act took effect on August 1, 1984. It is an improvement of previous provisions to accommodate the different needs of the contracting states. In the Hague Act, each country had the opportunity whether to grant an international protection of industrial design after the completion of substantive examination of the international deposit of the industrial design or without substantive examination at all.

The main objective of the Hague Act 1960 is that the deposit of an industrial design at the International Bureau has the same effects with the application filed with each designated country. Yet, it provided member countries the freedom to refuse the protection under their national legislations by notifying the decision of refusal to the International Bureau within 6 (six) months from the receipt of the periodical bulletin regarding the any international registration of industrial designs by the national offices.<sup>38</sup> In other words, countries whose national legislations require a substantive examination for the registration of an industrial design are allowed to refuse the protection of an industrial design based on their national legislation. The minimum term of protection under this Act is 10 years divided into 5 consecutive years.<sup>39</sup>

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<sup>37</sup> see, Article 7, *ibid*

<sup>38</sup> see, Article 7 and 8 of the Hague Act 1960

<sup>39</sup> see, Article 11 of the Hague Act 1960

*c. the Geneva Act 1999*

The Geneva Act 1999 of the Hague Agreement concerning the International Registration of Industrial Designs is an international attempt to simplify the procedure of Industrial Design registration in the globalization era. There are two main objectives of this Act. The first, it has the purpose to extend the membership of this Agreement by introducing several of features with a view to allowing member countries whose legislations require the novelty examination. The second, it has an objective to simplify the international registration procedure that is more flexible to be applied in the national basis and more attractive for applicants.<sup>40</sup>

This integrated system is expected to provide benefits for member countries. In addition, this system also is enabling of people of any country to protect their designs in several designated countries by filling one application. The Geneva Act 1999 is the third Act following the first the London Act 1934 and the second the Hague Act 1960. The Act is made by revising and developing the previous Acts of the Hague Agreement. The new features of the revision are briefly as follows:

- 1) The term for notifying International Bureau of the reasons for refusal is changed from 6 months to 12 months, computing from the date on which the designated national Office, which performs the substantive examination, receives the periodical bulletin from WIPO.<sup>41</sup>
- 2) Another new feature of this Act is that an intergovernmental organization such as the Design System of European Community

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<sup>40</sup> see, Ref. No. 35.

<sup>41</sup> see, Article 12 of the Geneva Act 1999

or the African Intellectual Property Organization (OAPI) is allowable to become a contracting party of the Agreement.<sup>42</sup>

- 3) The member countries are permitted to set their own requirements to invalidate any international design registration by notifying to International Bureau.<sup>43</sup>
- 4) Any contracting country may set the requirements on unity of designs registration according to the national legislation.<sup>44</sup>
- 5) An application for international registration can be submitted directly to the International Bureau at the option of an applicant, or it may be submitted through the national Offices of the contracting countries. In this case, there is no difference in effect of the two applications.<sup>45</sup>

An “international application” filed to International Bureau under this system by an applicant who is a national of one of the contracting countries is subjected to formal examination made by International Bureau.<sup>46</sup> The application, which has passed the formal examination, is granted an “international registration” on the date on which the international application is filed.<sup>47</sup> And the application thus registered has the same effect as a national application which is filed and registered under the national law in the designated country.<sup>48</sup>

The international registration is published through an international bulletin and at the same time, it will be sent to the designated country. The designated country notifies International Bureau as to whether it refuses or accepts the effect of the international registration within a

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<sup>42</sup> see, Annex of Information Notice No. 12/2003, [www.wipo.int](http://www.wipo.int), visited May 2004 and Article 19 of the Geneva Act 1999

<sup>43</sup> see, Article 15 of the Geneva Act 1999

<sup>44</sup> see, Article 13, *ibid*

<sup>45</sup> see, Article 4, *ibid*

<sup>46</sup> see, Article 8, *ibid*

<sup>47</sup> see, Article 9, *ibid*

<sup>48</sup> see, Article 14, *ibid*

prescribed period (12 months)<sup>49</sup> from the date on which the international registration is sent to the designated country. In the case where no notice of reasons for refusal is made within the period for issuing such a notice of refusal, the international registration is deemed to have the same effect in the designated country with the one which is registered in that country under the national legislation, since the international filing date. The minimum term of protection of the international registration is 15 years starting from international registration date or the international filing date (to be renewed in the next 5 years).<sup>50</sup> If the national legislation provides a longer period than that period of protection, the right holder of such an international registration is also entitled to have that longer period.

#### ***2.2.4. Indonesian Membership in the London Act 1934 of the Hague Agreement***

Even though Indonesia has been a member of the Hague Agreement since 1950 (the London Act), but the real protection of industrial design through *sui-generis* system is effectively applied on the year of 2001 (after the enactment of the Industrial Design Law). Prior to the year of 2001, Indonesia still does not have any specific provision on the protection of industrial designs. In this respect, industrial designs may be protected under the copyright or patent laws.

However, due to no provision relating to the design protection in both legislations, the right holders find difficulty to enforce their rights using those legislations. Under the current system of the Law No. 31/2000, basically design rights will be protected on the basis of registration without substantive examination. There is no explanation in the Law No. 31/2000 regarding the international protection under the Hague

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<sup>49</sup> see, Article 12 of the Geneva Act 1999, and Rule 18 of the Common Regulation

<sup>50</sup> see, Article 17 of the Geneva Act 1999

Agreement. The London Act 1934 provides that all application will be protected in each designated member country as long as the application has fulfilled the administrative requirement of the Hague Agreement.<sup>51</sup>

The Indonesian membership in the London Act is based on Article 5 the Agreement on the Transfer of Power in “the Round Table Conference” between the United of Republic Indonesia (RIS) and the Netherlands on December 1950. Since the year of 1950, the membership of Indonesia under the London Act practically has not been effective due to there is no clear provision on this matter. During the period of time before the year of 2000, the protection of industrial designs is practically covered by the copyright or patent laws. Then after the enactment of the new law on industrial design on the year of 2000, industrial design protection is shifted to the *sui-generis* system through the Law No. 31/2000. However, with respect to the Law No. 31/2000, there are also some basic differences in substantive principles on the design protection between the Indonesian Law No. 31/2000 and the London Act 1934 of the Hague Agreement.

The most important one is related to basic principle of protection. The Hague Agreement (the London Act 1934) provides that the protection is based on declarative principle, or in other words, no request for an application is needed to protect designs in any designated member country. Any design submitted to International Bureau through the London Act system will be protected automatically in its member countries.<sup>52</sup> This provision absolutely does not comply with the Design Law stipulating that the protection is given based on an application request<sup>53</sup>, and the registrable design should fulfill certain conditions i.e.

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<sup>51</sup> see Article 4 of the Hague Agreement (the London Act 1934)

<sup>52</sup> *ibid* Ref. No. 51

<sup>53</sup> see. Article 10 of Indonesian Design Law

novelty,<sup>54</sup> non-contravene the public order or morality or religion,<sup>55</sup> the first to file principle,<sup>56</sup> one design for one application.<sup>57</sup>

Another thing, even though it does not have any significant consequence to Indonesian legislation, the London Act provides the provision of secret design that cannot be found in the Indonesian Design Law. Further, the term of protection under the London Act is divided by 5 consecutive years for total 10 years, whereas under the Indonesian system the term of protection is given for 10 years from the filing date without any renewal. Based on such differences, it will be difficult for Indonesia to implement the London Act 1934 based on the current law, but in the future on the basis of the national directions, reviews on the membership of the Hague Agreement to the London Act, and particularly to the Geneva Act 1999 may be possible in light of a better benefit for industries or designers.

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<sup>54</sup> see Article 2, *ibid*

<sup>55</sup> see Article 4, *ibid*

<sup>56</sup> see Article 12, *ibid*

<sup>57</sup> see Article 13, *ibid*

### **III. Industrial Design Protection in Indonesia**

#### ***3.1 General***

The legal framework for the protection of industrial design in Indonesia is based on the registration system as governed by the Law No. 31/2000 that became effective on June 2001. Based on the Law, a protected design should be conferred to features of shape, configuration, or line and color compositions, or their combinations applied to a product, or goods. Most products or goods, whether domestic, ornamental, utilitarian or industrial have some such design features applied in them.

The shape of a mug, cutlery, the shape of a casing for a television set, computer or video player, a pattern applied to fabric, wallpaper, and the shapes of domestic furniture, and many others, they are all examples for design protections that could be sought for protection. In order to be eligible for the protection under the Indonesian Design Law, as required by the Design Law, any registrable design should be new and not contravene with the law or regulation, public order or morality or religion. Should any design is registered, the right holder will have the rights to exploit it along with the exclusive right to prevent others from unauthorized making, selling, importing, or using of any product that is protected by the design law.<sup>58</sup> This provision more or less has been already complying with the provision under the TRIPs Agreement as mentioned above.

#### ***3.1.1. Definition***

Pursuant to Article 1(1) of the Design Act, industrial design is meant as: “... a creation on the shape, configuration, or the composition of lines or color, or lines and colors, or the combination thereof in a three or two dimensional forms which gives aesthetic impression and can be realized

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<sup>58</sup> see, Article 9, the Industrial Design Law No. 31/2000

in a three or two dimensional pattern and used to produce a product, goods or an industrial commodity and a handy craft”.<sup>59</sup>

The meaning of this definition is very important in the implementation of the Indonesian Design Law. The Law provides the protection for the visual appearance of a product, or goods, or industrial commodity only. By the definition, it can be said that a design is not “a product” or “goods” or “industrial commodity”. It is a conception or suggestion as to the creation of shape, configuration, pattern or ornament applied to a product, good or industrial commodity. Unlike in other jurisdictions, there is no provision relating to the definition of product or goods or industrial commodity in this Law, but explicitly one can interpret that the meaning of products, or goods or industrial commodities will be equivalent with industrial products or mass produced articles. In addition, the law also does not provide any explanation with respect to the method of construction, or functional aspects of any product, good, or industrial commodity.

The explanation relating to product, goods or industrial commodities as well as the method of construction is particularly important to give a strict limitation on the scope of protection given by the Design Law. Even though no explanation on those matters mentioned above, however, in the practice, a method of achieving any purpose by the use of such a product or goods will not be protected as an industrial design. Also, a registrable design is a design that can be realized in any industrial product or good or commodity. Therefore, there will be no protection for a design without its real applications to any industrial products or goods. Further, the Law will not protect the product, goods, or industrial commodity itself, but the protection will be conferred to the appearance of such a product, or goods, or industrial commodity.

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<sup>59</sup> See. Article 1 point 1 of the Indonesian Design Law

The meaning of industrial commodity in the Article 1(1) in this regard plays an important role in the implementation of the Design Law. This wording is particularly important to emphasize the border between the protections accorded by the patent law, design law and copyright law. Upon the registration of any design, the proprietor of a design has a monopoly over a limited period of time to exploit industrially “any particular individual and specific appearance”. Thus according to Indonesian design law, a design is not a product or goods or industrial commodity made according to a particular shape or pattern, nor is it the manner of making the product or goods. Rather, it is the visual features (of shape, configuration, pattern or ornamentation) which can be used to produce any industrial product or goods or commodity.

### ***3.1.2. Product, or goods, or industrial commodity***

Even though there is no definition or explanation for products, but “product, or goods or industrial commodity” is interpreted to mean “any industrial product or commodity and to include a part of such a product or commodity if it is made separately”. The term “industrial product or commodity” is not defined in the Law and has been interpreted broadly. A “product, or goods, or industrial commodity” could be defined to include, in this context, a “mass produced utility article”. To determine whether any product is a “mass produced utility article”, it is necessary to consider whether the product is produced by the creation of human creativity in large scale or the product is already naturally available. Therefore, a mass produced utility article would seem to be confined to industrially human made products. Indeed, the Law does not explain in detailed that a product, or goods, or industrial commodity may be mass produced utility article. However, in this regard, this will apply equally to articles made by hand or machine and would also apply to articles that are consumed, as well as more durable goods.

In order to limit the potential breadth of the definition of a design, in the practice, there is no design protection for articles that are “primarily literary or artistic in character” even if they would otherwise come within the definition of design. This practice particularly is an attempt to distinguish between the protection accorded by copyright law or trademark law and design law. This reflects the national directions that design law should not protect creations that are more appropriately protected by copyright or trademarks.

Since the enactment of the law No. 31/2000, there is a clear border between patent and industrial design laws. Under the practices, it has been impossible for an applicant to file a design registration if the visual features of the design serve only a functional purpose. The protection will be given if the visual features serve the combination of functional and appearance purposes, or merely appearance of any product or article. This is a common practice as in other jurisdictions to exclude features of shape or configuration, which are dictated solely by the function to be performed by the article.<sup>60</sup> The practice also has been complying with the definition as stipulated in the TRIPs Agreement.<sup>61</sup> The reason for this policy is that the protection of the function of an article is not dealt with the design law but it is left to the area of patent law.

### ***3.2. Registrability of Industrial Design***

#### ***3.2.1. Applied to Products, Goods, or Industrial Commodities***

In order for a design to be registered, it must be capable of being applied to a particular product, goods or industrial commodity<sup>62</sup>. Even though, there is no requirement that such a product, goods or industrial

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<sup>60</sup> see. Art. 25(1) of the TRIPs Agreement

<sup>61</sup> *ibid.*

<sup>62</sup> see Article 1 point 1, Industrial Design Law No. 31/2000

commodity should be capable of industrial production, but implicitly the law will protect an industrial design that is capable of being applied to products, goods or industrial commodities. Further, factors such as materials to be used, methods to produce and the dimension factors do not contribute to the registerability of a design.

### **3.2.2. Novelty**

In order to be protected a design should be a novel design.<sup>63</sup> The design will be deemed to be novel if: a design which, on the filing date or priority date, is not the same with any previous disclosure published anywhere. This means that a design will be regarded as to lack of novelty if there is an identical design published or available in the market anywhere prior the filing or priority date. The meaning of publication in this respect should be given to all publications distributed to the public electronically or other forms including the market distribution anywhere.

When an applicant has already published his or her designs prior to filing or priority date, then such designs are publicly known designs. Publicly known designs or designs published prior to the filing or priority date may include designs created or owned by the same person. Thus, the publication and/or putting the design in the market have to be carried out on or after the filing date of such design applications in order to avoid the risk of lack of novelty.

### **3.2.3. Exception to Loss of Novelty**

*An industrial design shall not be deemed to have been published if within the period of 6 (six) months before the filing date, such an industrial design:*

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<sup>63</sup> see Article 2(1), *ibid*

- a. has been displayed in a national or international official or deemed to be official exhibitions in Indonesia or overseas; or*
- b. has been used in Indonesia by the designer in an experiment for the purpose of education, research or development.*<sup>64</sup>

Though, there is no detailed provision regarding the exception to lack of novelty, it is clear that in some circumstances as mentioned above, the designer still have the right to file the application within six months after such a publication. If such a design has been already published or publicly known prior to filing date, it is recommended that a claim should be made for an exception to lack of novelty at the time the application is filed, provided that the publications or exhibitions or uses are occurred within six months before the filing date.

#### **3.2.4. Unregistrable Design**

*The right to industrial design shall not be granted if an industrial design is contrary to the prevailing laws and regulations, public order, religion, or morality.*<sup>65</sup> In the practice, this provision is interpreted broadly to serve as a filter to avoid any publicly known design or improper design (based on religion or morality or public order) to be registered intentionally or unintentionally by any party. An unregistrable design under the Indonesian Design system means a design that is:

- o a design which is contravene to effective laws and regulations; this is to include publicly known designs or published designs, and designs which are in conflicting with other IPR subject matters (patents, trademarks, or copyrights); as an example, a design which is composed only of shapes that are indispensable in securing the functions of an article; it cannot be registered under this provision, and

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<sup>64</sup> see, Article 3, *ibid*

<sup>65</sup> see, Article 4, *ibid*

- a design in which its uses are contrary to public order, religion or morality. This category of unregistrable design has the purpose to avoid creation of designs that may be harmful for public or may cause disturbance to any community. Examples of this category include the use of religion symbols as a design to any commercial product, pornography, or any others.

### ***3.2.5. First to File System***

Like in many jurisdictions, the Indonesian Design Law follows the first to file principle. In the case, there are two or more the same design applications being filed at the same or on different day, only the first application may obtain a design registration.<sup>66</sup> There is no provision regarding the mutual agreement between applicants, in case of two or more same applications have been made on the same day for registration. However, the dispute should be resolved between them without any interference of the DGIPR, unless none of them may obtain a registration, or they may join the registration through one application.<sup>67</sup>

### ***3.2.6. Scope of Protection***

Scope of protection conferred by a design registration is based on drawings, physical samples (need to be converted to drawings), or photographs accompanied by its description. This drawings, samples or photograph should be submitted along with the request for application to the DGIPR in Indonesian language.<sup>68</sup> In this regard, an application is filed for one design registration; one application should be filed for each product (based on Locarno Classification), along with a written request

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<sup>66</sup> see, Article 12, *ibid*

<sup>67</sup> see, Article 6(2), *ibid*

<sup>68</sup> see, Article 11, *ibid*

accompanied by drawing to represent the design for which registration is being sought.<sup>69</sup>

There is no provision regarding the scope of protection conferred by the registration. However, in practice, if the design has been registered, the scope of the registered design rights is defined based on both description in the request and the design shown in the drawing attached to the application. In this case, the drawing or photograph can be said to constitute the substantive scope of the registered design. Therefore, the design for which registration is being sought basically should be represented properly in the drawings or photographs.

### ***3.2.7. Set of Articles (Design Applications)***

Instead of normal design registration, one application for one design, the Indonesian Design Law also provides the protection for a set of articles.<sup>70</sup> As a rule followed by this procedure, an application for a design registration may not cover more than one products of the same class. However, in the case of a design of two or more products that is used together in a set of articles, and such a design constitutes a unity of industrial design, or the products have the same class, an application for design registration may be made as for one design, provided that the set of articles is coordinated as a whole. In this case, the scope of protection conferred by the registration may not extend to each design of each article.

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<sup>69</sup> see, Article 10, 11, and 13(a), *ibid*

<sup>70</sup> see, Article 13(b), *ibid*

### ***3.2.8. Registration of a design and its effects***

The right to industrial design shall be granted on the basis of an application<sup>71</sup> and the payment of fee at the time of filing the application.<sup>72</sup> Under the current system, the term of a design right is 10 years from the filing date without any renewal and annual fee.<sup>73</sup>

The right holder of any registered design has the exclusive right to exploit his industrial design and to prohibit other unauthorized parties from making, using, selling, importing, exporting and/or distributing the product conferred the registered design.<sup>74</sup> However, the use for the purpose of experimentation and education is exempted from the infringement provided that such the use does not damage the normal interest of the right holder.<sup>75</sup> In this regard, it is difficult to judge whether the interest of the right holder will be in damages or not. As long as the use is for the purpose of non-commercial, the right holder will not raise any objection against the use.

In the case, the right holder transfers his right to another party through assignment or others, such a transfer of right should be recorded at the DGIPR, otherwise it does not have any legal consequence to any third party.<sup>76</sup> In another case, the right holder also has the right to grant exclusive license to any party on the basis of agreement to perform all acts referred to his exclusive rights<sup>77</sup>, or non exclusive license.<sup>78</sup> Both of licenses should be recorded to the DGIPR in order to have legal effect to the third parties.<sup>79</sup>

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<sup>71</sup> see, Article 10, *ibid*

<sup>72</sup> see, Article 11 and 45, *ibid*

<sup>73</sup> see, Article 5, *ibid*

<sup>74</sup> see, Article 9(1), *ibid*

<sup>75</sup> see, Article 9(2), *ibid*

<sup>76</sup> see, Article 31, *ibid*

<sup>77</sup> see, Article 33, *ibid*

<sup>78</sup> see, Article 34, *ibid*.

<sup>79</sup> see, Article 35, *ibid*

### ***3.3. Outline of the Procedure for Filing an Application***

The administration for the protection of Industrial Design in Indonesia is based on the application.<sup>80</sup> Further, the application should be filed in the Indonesian language to the Directorate General with the payment of fee. As applied internationally, Indonesian Design Law also follows the first to file system.<sup>81</sup> Following the filing of application, the Directorate General then examines as to formality. Under this procedure, the applicant will be notified whether his or her application has already met all formality requirements prescribed in the Law, filing date of the application will be based on this compliment.<sup>82</sup> Along with this administrative check, the application also will be checked whether it has fulfilled the provision regarding its registrability, such as the provision relating to contravene with effective regulations, public order or morality, and religion.<sup>83</sup> If the application is fully complying with the requirement, then the application will be published for a period of three months<sup>84</sup> in order to give public or third parties to file an objection against the application with payment of fee.<sup>85</sup> If there is no objection against such an application, then the application will be registered and will be given the certificate.<sup>86</sup> Otherwise, if there is an objection against the application, the Directorate General will take the substantive examination.<sup>87</sup>

Substantive examination for an application for a design protection will be carried out based on an objection during the publication period. As mentioned above, the application will be registered without examination if there is no objection against the publication. Based on this procedure,

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<sup>80</sup> see Article 10 of the Indonesian Design Law

<sup>81</sup> see Article 12, *ibid*

<sup>82</sup> see *ibid*, Article 18

<sup>83</sup> see *ibid*, Article 4

<sup>84</sup> see *ibid*, Article 25(1)

<sup>85</sup> see *ibid*, Article 26(1)

<sup>86</sup> see *ibid*, article 29

<sup>87</sup> see *ibid*, article 26(5)

Indonesian Design Law follows the mixed system between patent approach and copyright approach, where an application will be examined as to substantive on the basis of objection from third parties. For the short term purpose, probably this current system is particularly suitable for Indonesia in light of the public readiness in using industrial design law as the new field of IPR legislations. However for the long term planning, this system may need some improvement to accommodate the interest of industries as the producers as well as public as the users.

### ***3.3.1. Applicant***

Under the Design Law, the applicant should be the designer of the design to be filed, or those who receive the right from the designer.<sup>88</sup> An applicant may be an individual or corporation. In the case applicant is a corporation, the application should be accompanied with sufficient evidence that the applicant is entitled to the relevant design.<sup>89</sup> Under the current system, an evidence of entitlement may take in the form of assignment or transfer of ownership.

### ***3.3.2. Formality Documents***

#### ***a. Priority Document***

This document is known as the Priority Rights Document. The document is issued by the IP Office of the country where the original application was filed. It is absolutely necessary to claim Priority Rights under the Paris Convention (or WTO Agreement), and must be filed within three months from the filing date<sup>90</sup> for claiming a priority date. If the applicant fails to file this document in time, the application will be deemed not having the priority rights and this application will be treated as a non-

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<sup>88</sup> see, Article 6(1), *ibid*

<sup>89</sup> see, Article 11(6), *ibid*

<sup>90</sup> see, Article 16(2), *ibid*

priority application. A non certified photocopy thereof will not be accepted.

*b. Evidence for Exception to loss of Novelty*

This kind of document basically will be necessary to be furnished in certain case, such as the design has been published in any exhibition or used for the purpose of development or research. The document should be submitted along with the application within six months from the date of the exhibition or the uses.

*c. Other Documents*

Under the current practice of the Law No. 31/2000, the applicant needs to submit a Power Attorney, if the applicant has the domicile other than in Indonesian.<sup>91</sup> Instead of furnishing the name, address, and nationality of the applicant, the letter of Creator Assignment should be accompanied in the application.<sup>92</sup>

**3.3.3. Overlap with other Intellectual Property Rights**

If there is a case where one's design rights overlaps with that of another design, patent or simple patents, trademark or copyright of an earlier date, the court will handle the matter. In this case, all disputed parties will go to the court (Commercial Court) or come to a negotiation to solve the dispute through the Alternative Dispute Resolution mechanism.<sup>93</sup> There is no provision in the Design Law stipulating that the owner of the design right holder or his or her licensee is prohibited to use the design for business purposes during the trial proceeding, unless it is not proven that his or her designs is new and eligible for the protection. Until it is proven that there is an infringement, the Design Law provides that any party whose right has been infringed may request

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<sup>91</sup> see, Article 14, *ibid*

<sup>92</sup> see, Article 11, *ibid*

<sup>93</sup> see Article 47, *ibid*

to the Commercial Court to issue an injunction<sup>94</sup> to prevent the entry of the infringed products into the market. In this case, the defendant also may file a cancellation to the registered design on the basis of validity.<sup>95</sup>

There is no provision in this Law governing the dispute between design rights and other IPR, i.e. patent, simple patent, trademark or copyright. With respect to overlap of design with Patent or Simple Patents, we have to refer to the definition as provided by the Design Law and the Patent Law. By the definition pursuant to Article 1 of the Design Law, it is stated that a design concerns the external appearance of a product and, in this respect; it can be distinguished from an invention protected by patent or simple patent which concerns the creation of new idea to overcome any technical problem by using natural law, though they all are related to the use of new ideas.

Unlike under the Japanese system, the Indonesian Design Law does not provide the provision of conversion between an Industrial Design Application and a Patent Application. A patent or simple patent application may not be converted into an application for design registration, or vice versa. If an applicant wishes to file a design application as well as a patent application; he or she should file his/her respective applications separately at the same time.

With respect to trademarks cases, as provided in the definition, the Design Law only protects the shape, pattern or color of an article. However, trademark law provides that creations of shape, pattern or color can be used to distinguish products on the basis of the source of origin. The creation is not necessarily new or original, and there is no requirement that the creation should be applied to any particular product. Therefore, the trademark portion indicated on a product must be

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<sup>94</sup> see Article 49, *ibid*

<sup>95</sup> see Article 38, *ibid*

protected under the trademark Law, by filing an application for trademark registration. Conversion between a design application and a trademark application is not possible.

Even though no provision dealing with definition of products, but a design which can be protected by the Design Law must be one that can be applied to an industrially produced article, while the copyright law principally protects pure artistic objects such as pictorial arts or sculptures. Indeed, due to the developments in industrial art fields such as advance type faces or computer graphics, the boundary between the protective scopes of design law and copyright law gradually becoming blurred. In this regards, there should be a clear boundary of protection between copyright and industrial design law to avoid the double protection for the same creation at the same time. At least, this boundary should appear in the Design Law or Copyright Law.<sup>96</sup>

### ***3. 4 Legal Aspects of Industrial Design***

#### ***3.4.1. Cancellation of Registered Design***

Basically the registered design may be cancelled upon the request of the right holder, or on the basis of lawsuit (invalidation lawsuit). The right holder for any reason may cancel his design right through a written request to DGIPR.<sup>97</sup> However, such a cancellation cannot be made if the recorded licensee does not give a written approval against such a cancellation.<sup>98</sup>

Another cancellation is based on a lawsuit on the ground of lack of novelty, or the design is contravene with effective laws or regulations,

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<sup>96</sup> see, Section 5 of Australian Design Law 2003, and Division 8 of Part III of Australian Copyright Act 1968.

<sup>97</sup> see, Article 37(1), *ibid*

<sup>98</sup> see, Article 37(2), *ibid*

public order, morality and religion.<sup>99</sup> A design registration may be cancelled (invalidated) through a cancellation lawsuit of the Commercial Court where the interested party domiciles. In order to commence the lawsuit, the interested party should file the registration to the Head of Commercial Court. After the filing of the lawsuit, the hearing will be conducted within period of 60 (sixty) days from the date of filing such a lawsuit. The decision on the hearing will be issued within 90 (ninety) days from the date of filing the lawsuit. The decision on this cancellation will be delivered to parties concerned and the DGIPR within 14 days after the issuance date of decision. The only remedy against the invalidation lawsuit decision of the Commercial Court is a cassation to the Supreme Court.<sup>100</sup>

When a registered design is cancelled by a court decision permanently, such registration is deemed not to have existed from the outset.<sup>101</sup> Even though the registered design has been cancelled by the court decision, in any case, the licensee still has entitlement to continue the license until the expiry time as stated in the license agreement.<sup>102</sup> However, in such a case the licensee shall no longer to pay royalties which he would otherwise be required to pay to the right holder.

### ***3.4.2. Infringement***

An unauthorized conduct of a registered design will constitute an infringement of the design right. Such a “conduct” of a registered design consists of making, using, selling, importing, exporting and/or distributing the product to which the design right applies.<sup>103</sup> Further, the right holder may bring a lawsuit against any unauthorized person who

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<sup>99</sup> see, Article 38, *ibid*

<sup>100</sup> see, Article 40, *ibid*

<sup>101</sup> see, Article 42, *ibid*

<sup>102</sup> see, Article 44, *ibid*

<sup>103</sup> see, Article 46, *ibid*

has deliberately carried out conducts as mentioned above. In this regard, the right holder may claim for damages; and/or ceasing of all of conducts through the Commercial Court. The only defense under those conducts will apply if the allegedly infringers carried out such conducts for the purpose of non-commercial as stipulated by Article 9 (2). The scope of protection as represented by drawings and its drawing explanations can be used as the basis to determine the degree of infringement that has been taken by allegedly infringer.

When the right holder raise the issue of infringement of a registered design, usually there is a question regarding the degree of infringement has been actually taken place. In this situation, commonly the right holders should be convinced about his scope of design protection as represented in the drawing filed. He should know exactly whether the scope of the registered design extends so far as to cover what is manufactured, sold or used by the alleged infringer. On the other hand, the alleged infringer may take the step to argue the allegation that the product manufactured or sold by him or her, does not constitute an infringement of the registered design right. In order to avoid the conflict of interest, the DGIPR as the administrator will not involve in the law enforcement of design rights; all of enforcement matters are handled by the law enforcement institutions, i.e. the Police Department, the Court, or the Attorney General.

If the right holder has been convinced that there is an infringement, in this case, he may bring a lawsuit against the alleged infringer to the Commercial Court in the form of claim damages and/or ceasing of all infringement conducts.<sup>104</sup> Before taking the decision, the judges may invite some expert witnesses from DGIPR or other parties regarding

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<sup>104</sup> see, Article 46, *ibid*

basic information of the scope of protection. The judges have their own discretion to take the final decision.

### ***3.4.3. Legal Remedy for infringement***

When the right holder or exclusive licensee considers that the right of his or her design or exclusive license is infringed by a certain party, he or she may have a legal remedy in the form:

- (1)injunction based on sufficient evidence;
- (2)claim for damages in a lawsuit of the Commercial Court;
- (3)a complaint against the infringer to initiate a criminal case.

Like in other jurisdictions, it is common that the right holder firstly sends a warning letter to the allegedly infringer by post, stating the alleged infringement, requesting its discontinuance and responding the warning letter by a specific date. In a civil procedure, the right holder, instead of demanding the discontinuance of the infringement, based on sufficient evidence, may request the judge at the Commercial Court to issue injunction to prevent further infringement, such as the detention of infringement products, or the prevention of entry of products in the market.<sup>105</sup> In addition, the right holder may also claim damages and/or take measures necessary to stop the infringement. The criminal case is often prosecuted along with a civil case, or may not be prosecuted at all.<sup>106</sup> Instead of providing the litigation to resolve disputes on industrial designs, the Law also provides the alternative dispute settlement procedure or arbitration procedure.<sup>107</sup>

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<sup>105</sup> see, Article 49, *ibid*

<sup>106</sup> see, Article 54, *ibid*

<sup>107</sup> see, Article 47, *ibid*

## **IV. Industrial Design Protection in Japan**

### ***4.1. General***

The basic law of Japanese Design system has been established since the year of 1888. Since the early stage of the system up to now, the Japanese system applies the examination on a strict basis to grant the design rights. Further, Japan had been ratified the Paris Convention in 1899 to accommodate international protection of designs.<sup>108</sup> Under the current system, the protection of industrial design in Japan is based on the Law No. 125 of April 13, 1959 (as amended several times and the last amendment is the Law No. 24 of 2002). The report will be based on this current Design Law. The current design law is clearly distinguished from the copyright law in term that the design law has an objective to promote the development of industries, whereas the copyright law has an objective to promote the development of cultures. Based on this difference, we can say that in the current design law, the industrial design protection will be conferred to creative creations that have industrial applications.

In 1975, Japan acceded to the Stockholm text of the Paris Convention and on January 1, 1995, Japan became a member country of the WTO Agreement.<sup>109</sup> Based on these accessions, a priority application may be requested in a design application filed within six months from the filing date of the original application in any member country (Paris Convention and/or WTO Agreement). The advantage of an application claiming the Priority Rights is that any event occurred after the first filing date will not affect the later application. In other words, an application will not be refused for the reasons of any act taken place in between two filing dates,

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<sup>108</sup> From Filing to Registration of Design, Japan Patent Office, 1999

<sup>109</sup> Kiyoshi Asamura and Mitsuo Okano, "*Japanese Design Law*", in "*Industrial Design Rights: An International Perspective*", Edited by Brian W. Gray and Effie Bouzalas, Kluwer Law International, London, 2001, p. 177

such as the filing date of a third party's design application on the same design, or the publication of the design.

Any person may enjoy the benefit of the priority rights if the person is an individual or his or successor in title, having the nationality of, or deemed to be nationals, of a member country of Paris Convention, or a member country of the WTO Agreement.<sup>110</sup> In order to claim priority rights, the application as filed must include the filing date and the application number of the original application, and the country in which such an application was filed. It is also essential that a certified copy of the original application be filed and this document must be filed within three months from the filing date, otherwise, the application will be treated as an application without the priority rights.<sup>111</sup>

#### ***4.1.1. Definition***

Under the Japanese Design Law, “designs” means a shape, pattern or color or any combination thereof of an article, including part of an article.<sup>112</sup> Therefore, under this definition, there will be no design protection if there is no article has been applied by such a design. In this provision is also defined that the Japanese system applies requirement that any design should be requested through an application in order to be eligible for the protection.<sup>113</sup> Furthermore, it is stipulated that the design right holder is conferred the term of “working” of the design.<sup>114</sup> This means that the right holders will have the exclusive right to manufacture, using, assigning, leasing, importing or offering for assignment or lease of articles to which the designs has been applied.

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<sup>110</sup> see, Section 15 of the Japanese Design Law, and Section 43bis of the Japanese Patent Law

<sup>111</sup> *ibid* as above

<sup>112</sup> Section 6 (1) of the Japanese Design Law No. 125, 1959

<sup>113</sup> see, at Section 2(2), *ibid*

<sup>114</sup> see, Section 2(3), *ibid*

As stipulated under the legislation,<sup>115</sup> the definition of design should be meant a design in which:

- a. it is embodied on outer part of an article (including a part of an article). In this regard, an abstract (pure artistic works) without any real application to a certain industrial product can not be considered as a design under the law;
- b. it comprises of a shape of an article as the visualization of an industrial product;
- c. it comprises of combination of a shape, and/or pattern and/or color as the visualization of industrial design as a whole; and
- d. it produces an aesthetic impression on the sense of its visualization as a whole to make any certain industrial product more attractive for the consumers.

#### **4.2.2. Article**

Basically, the current Japanese Design Law applies “one design in one application for one class of article (or a part of an article)”.<sup>116</sup> A design application may be made with respect to a single article, except when it covers a certain combination of articles called “set of articles”.<sup>117</sup> Excluded from the definition of article are immovable things such as building (but a prefabricated house can be regarded as an article because it is a mass-produced and transportable). Others thing that are not considered as articles are liquid, gas, electricity, light, and un-visible materials as small as a particle, powder, etc.

With respect to designs of parts composing an article as long as they are sold independently from the said article; they are basically registerable since these parts are also considered as articles. This is the new feature of the current system where an applicant may file an application for a

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<sup>115</sup> see, Section 2, *ibid*

<sup>116</sup> Section 7 of the Japanese Design Law

<sup>117</sup> *ibid*, at Section 7 and 8

design with respect to a part of an article, or “partial design”.<sup>118</sup> This provision particularly has the purpose to provide the design protection for component parts of an article. Due to the limited of scope of protection, the conversion of a partial design application into a whole design application is not allowable.

## ***4.2 Registrability of Industrial Design***

### ***4.2.1. Industrial Use***

In order to be registered, a design must be capable of being industrially utilized.<sup>119</sup> This means that an article to which the design is being applied must be of such a nature that it can be subject to mass production. There is no further explanation on the term of the article must be subject to mass production. In this regard, some other factors such as a method of production and quality of material do not contribute to the registerability of a design. A design which can be protected under the Design Law must be one that can be industrially utilized by virtue of large-scale production. The requirement of industrial use for any registrable design is a feature that designs are distinguishable from pure artistic works protected under the copyright law.

### ***4.2.2. Novelty***

Instead of industrial use, designs shall be deemed to not novel and not eligible for the protection, if:

- i. a design which has been publicly known in Japan or in any foreign country prior to the filing of an application therefore;
- ii. a design which has been disclosed in a publication distributed or made available to the public through

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<sup>118</sup> see, Section 10bis, *ibid*

<sup>119</sup> see, Section 3, *ibid*

electronic communication lines in Japan or in any foreign country, prior to the filing of an application therefore, (irrespective of whether the foreign publication has been circulated in Japan or not); and

iii. a design which is similar to the design as mentioned in the previous paragraphs (i) or (ii).<sup>120</sup>

A publicly known design or a design published prior to the filing of an application includes that of the same applicant's. Thus, public disclosure of the design must be done after the filing of the Japanese design application in order to avoid the risk accruing from publication before filing. However, if the design has already publicly known or published prior to filing, it is recommended that a claim be made for exception to loss of novelty at the time the Japanese application is filed, provided that the public disclosure occurred within six months prior to the said filing date.<sup>121</sup> This provision is known with the grace period.<sup>122</sup> In this regard, designers still will have the right to file an application of prior use design within six months from their publication (prior use of the design).

#### ***4.2.3. Creativity or Obviousness:***

The following design shall be deemed to lack of creativity and is not eligible for the protection, if a design which is prior to the filing of an application therefore, could be easily made by those having average knowledge in the technical field to which the design pertains, on the basis that such a shape, pattern, color or a combination thereof is publicly known in Japan or in any foreign country.<sup>123</sup> Another situation

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<sup>120</sup> see, Section 3(1), *ibid*

<sup>121</sup> see, Section 4, *ibid*

<sup>122</sup> see, David Musker, "Community Design Law: Principles and Practices", Sweet&Maxwell, London, 2002, pp. 38-39, 126-127, and Article 22 of Community Design Law

<sup>123</sup> see, Section 3(2), the Japanese Design Law

of lack to creativity includes the similarity with a portion of any previously filed design. Designs which are identical with or similar to a portion of the prior filed design will not be registered, even the owner of such a design is the same that of the previous design.<sup>124</sup> Where any design application is identical with or similar to part of any previously filed design as attached in the request, or represented in a drawing, photograph, model or sample, and it has been published in the Design Gazette, such a design application shall not be protectable. It is clear that this provision has an objective to create innovation and contribute to the promotion of innovation as mandated by the TRIPs Agreement.<sup>125</sup>

#### ***4.2.4. Exception to Loss of Novelty***

As stated in Section 4(1) and (2) of the Japanese Design Law, any person still have the right to file a valid application within six months of the first date when his or her design became known to the public or was disclosed in a publication, unless it is published in the official design gazette. Such a design is deemed not to have lost its novelty. In this case, such person must state in the application that he or she desires to claim for an exception to loss of novelty applied to the application. Within 14 days from the filing date of the application, he or she must submit evidence to the JPO showing the disclosure of the design.<sup>126</sup> As a reference, the effective date of an application filed under these provisions is that of the actual filing date and not the date of the disclosure. Thus, this application will not be anticipated by a third party's design prior application covering the same design, or a design similar thereto.

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<sup>124</sup> see, Section 3bis, *ibid*

<sup>125</sup> see, Article 7 of the TRIPs Agreement

<sup>126</sup> see, Section 4(3) of the Japanese Design Law

#### ***4.2.5. Unregistrable Design***

Any design application will not be accorded the protection, if it is falling under the following circumstances:

- i. the design is perceivably to be prejudicial to public order or morality;
- ii. the design is liable to be confused with articles relevant to another person's business; and
- iii. the design is composed only of shapes that are indispensable in securing the functions of an article.<sup>127</sup>

This provision is in line with the TRIPs Agreement Articles 25(1) and 26(2) by providing a limited exception to the protection of industrial design in order to balance between the legitimate interests of the right holders and legitimate interests of the general public. However, the provision under the Japanese legislation is stricter than that is provided by the TRIPs with an additional prohibition of unfair competition conducts.<sup>128</sup>

#### ***4.2.6. First to File System***

If there are two or more applications have been filed on the same or different day for registration of design which is identical to or similar to other designs, only the first applicant, irrespective of whether or not he or she is the first creator, may obtain a design registration.<sup>129</sup> In this respect, the application will be decided by mutual agreement between all applicants. In the case, there is no mutual agreement achieved, none of them may obtain a registration, or the application is deemed to be abandoned. It is also stipulated that there will be no design protection, if

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<sup>127</sup> see, Section 5 of the Japanese Design Law

<sup>128</sup> *ibid* at point ii,

<sup>129</sup> see, Section 9(1), (2) and (5), *ibid*

the application is filed by other than lawfully creators or its successors to avoid the dispute of those design filings.<sup>130</sup>

#### ***4.2.7. Scope of Protection***

As a general rule under the Japanese system, only one application may be filed for a design registration.<sup>131</sup> This means that only one design application should be filed for an article. The application should be accompanied with a written request and drawings, photos, models or samples to represent the design for which registration is being sought.<sup>132</sup> The drawings should be prepared clearly to show six views of the design or by using orthographic projection of the design. The drawings have the purpose to determine the scope of the right of the registered design. Instead of the drawings, the scope of protection can be determined on the basis of the statement in the request.<sup>133</sup> In this respect, the drawing can be said as the substantive scope of the registered design.

#### ***4.2.8. Design Applications***

Under the Japanese Design Law, there are several types of design applications based on the scope of protection being sought. This provision particularly has an objective to accommodate the interests of industries to protect slightly different appearances of the same product or different products with similar designs. Depend on their characteristic and their scope of protection, they can be distinguished into:

##### ***a. Related Design***

Related design application is a type a design application which depends on the principal design. In this regard, most of related designs are

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<sup>130</sup> see, Section 9(4), *ibid*

<sup>131</sup> see, Section 7, *ibid*

<sup>132</sup> see, Section 6(1), *ibid*

<sup>133</sup> see, Section 24, *ibid*

similar to the principal design. The applicant may file a principal design application together with one or more similar “related designs” application(s) corresponding to the principal design application. The related design application is deemed to be related to the principal design provided that the principal design application and “related design” application(s) are filed on the same date.<sup>134</sup> In this case, the provision of the first to file principle<sup>135</sup> is not applied. However, if the “related design” application is filed after the filing date of its principal design application, such a “related design” application shall be refused because it will be subject to the basic rule of the “first to file” system.

In the case, if the applicant wishes to file the principal design application together with the related design application(s) claiming Priority Rights, the filing date of the first time application of the principal design and the related designs filed in any member country of the Paris Convention or WTO must have the same date.<sup>136</sup> The conversion of a principal design application into a related design application is allowable during the substantial examination period, or before the final decision of examiners, and vice versa.<sup>137</sup>

The expiration date of a registered “related design” will be the same as that of its principal design registration.<sup>138</sup> Regardless the status of the principal design registration, such as lapsed for any reason other than the legal expiration term, i.e. nullification by an individual trial, or extinguished for non payment annual fee, the transfer of right of a related design registration may not be done separately without its principal design.<sup>139</sup>

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<sup>134</sup> see, Section 10, *ibid*

<sup>135</sup> see, Section 9(2), *ibid*

<sup>136</sup> see, Section 15, *ibid*

<sup>137</sup> see, Section 13(5), *ibid*

<sup>138</sup> see, Section 21(2), *ibid*

<sup>139</sup> see, Section 22, *ibid*

### b. Secret Design

An application for a design right may be deferred from publication through a request that the design is kept secret for not more than three years from the registration date.<sup>140</sup> This request must be made at the time of filing of the design application, specifying the period of time during which the applicant wishes to have his design kept secret. The term of the design kept to be secret can be changed at any time by the applicant. Access to the secret design will be given to other parties having permission from the right holder, or for the purpose examination, or trial, or court. The purpose for the establishment of the secret design is particularly to give the right holder an opportunity delaying the publication of such a design in the Official Gazette which is still in the period of preparation for distribution or business purposes.

### c. Set of Articles

As applied under the Design Law, an application for a design registration may not cover more than one article.<sup>141</sup> However, in the case of a design of two or more articles that is used together as a set of articles as designated in the Ministry of Economy Trade and Industry Ordinance, an application for design registration may be made for a design, provided that the set of articles is coordinated as a whole.<sup>142</sup> This is an exception to the one design for n application rule. As a requirement, the set of articles as a whole should fulfill the registration requirements. However, the scope of protection for the set of articles just extends to similar another set of articles. It does not cover the scope of individual article. In other words, the scope of protection conferred by the registration of the set of articles design does not extend to each design of each article.

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<sup>140</sup> see, Section 14, *ibid*

<sup>141</sup> see, Section 7, *ibid*

<sup>142</sup> see, Section 8, *ibid*

#### d. Partial Design Application

Another type of design protection under the Japanese Design Law is the partial design. Partial design is a new design for part of any existing article. This provision has the objective particularly to accommodate a minor change against existing available design. It seems that this provision is dedicated to accommodate small medium enterprises (SMEs) to have a narrow scope of design protection as well as to protect any registered design from minor changes of counterfeited products. The scope of protection for partial design can be determined from the drawings, where the solid line indicates the scope of protection of such a partial design. However, the right holder should carefully implement such a partial design for commercial purposes. In the case, if such a partial design has a relation with another protected IPR, then the right holder should have the permission to use the design from another right holder, otherwise it cannot be implemented.<sup>143</sup>

#### e. Divisional Application

Under the Japanese practice, it is possible for an applicant to make one or more divisional applications.<sup>144</sup> This case usually takes place when the application does not meet “the one design for one application” principle. However, the divisional application will not be applied for the application for a set of articles; unless the set of articles application does not meet the requirement for a set of articles.

#### f. Conversion of Application

As applied according to the Law, a patent or utility model application may be converted to a design application, or vice versa.<sup>145</sup> In the conversion process, there is no need official fee. The same conversion

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<sup>143</sup> see, Section 26, *ibid*

<sup>144</sup> see, Section 10bis, *ibid*

<sup>145</sup> see, Section 13 of Design Law, Section 46 of Patent Law, and Section 10 of Utility Model Law.

also applies to Related Design Application and Principal Design Application.

#### ***4.2.9. Registration of a design and its effects***

A design right will come into effect after the completion of registration<sup>146</sup> through the payment the registration fee within 30 days from the date of notice of the registration decision.<sup>147</sup> If the applicant failed to pay the registration fee which is the first annual fee,<sup>148</sup> the registration will not be established. After the completion of payment the registration fee, the design is registered and published in the Design Gazette as well as given the registration number.<sup>149</sup> The publication of the registered secret design will takes place immediately after the lapse of the period time in which the design is kept to be secrecy.<sup>150</sup>

The term of protection for any registered design is 15 years from the date of registration.<sup>151</sup> In order to keep the registration up to the expired period of protection, the right holder should pay annual fee for subsequent years.<sup>152</sup> Failure to pay the annual fee will cause the design registration to lapse at the due date of the annual fee. By having the design right, the right holder has the exclusive right to undertake the working of such a registered design and prevent others to work the similar design for commercial purposes.<sup>153</sup> There may be case where a registered design or a similar design cannot be implemented without using another design right or any similar design, a patent, or any other IPR with the earlier filing date. In this regard, the right holder of the

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<sup>146</sup> see, Section 20, *ibid*

<sup>147</sup> see, Section 43, *ibid*

<sup>148</sup> see, Section 20(2), *ibid*

<sup>149</sup> see, Section 20(3), *ibid*

<sup>150</sup> see, Section 20(4), *ibid*

<sup>151</sup> see, Section 21, *ibid*

<sup>152</sup> see, Section 43(2), *ibid*

<sup>153</sup> see, Section 23, *ibid*

design right cannot implement the registered design for commercial purposes unless with permission.<sup>154</sup>

#### ***4.3. Outline of Procedure for Filing an Application***

Under the Japanese Design Law, the protection of industrial design is based on the application.<sup>155</sup> Further, the applicant shall submit a request of application to the Commissioner of the Patent Office (the JPO) including the representation of the design in question. In this system, it applies the first to file system for a design registration.<sup>156</sup> Following the submission of the request including the design representation, the JPO will check the formality requirements and notify the applicant concerning his application. If the applicant has fulfilled all requirements regarding the application, then substantive examination will be conducted by the Examination Division. Finally the Examination Division will issue decision on the acceptance or refusal such an application. The registered design then will be published in the Official Gazette. In the case of rejection, applicant may raise an objection against examiner's decision to appeal board of JPO. When the applicant is still dissatisfied with the decision, he or she may place the objection to the Tokyo High Court, and finally to the Supreme Court.

Substantive examination for an application of a design registration will be carried out after finalizing the formality check. Based on this procedure, the Japanese Design Law follows the system of patent approach, where an application will be examined as to substantive to determine the registrability of such design application. The examination in the granting procedure is particularly important to give public the assurance that any registered design which has fulfilled all administrative requirements should be protected from unlawful appropriation. This is particularly important for Japan as one

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<sup>154</sup> see, Section 26, *ibid*

<sup>155</sup> see, Section 6, *ibid*

<sup>156</sup> see, Section 9, *ibid*

industrialized country with the average of design applications around 40,000 per year.<sup>157</sup> It seems that this system effectively protects industrial-design-based industries. The efficacy of the system can be seen from the annual trend of appeal against examiner decisions and annual trend for invalidation trials; in this regard for a period of 10 years, they are kept to be at low level.<sup>158</sup> This trend means that the examination system may result in reduced disputes among the design right holders.

#### **4.3.1. Applicant**

As a general rule the applicant usually is the designer or those who receive the right from the designer.<sup>159</sup> In the case an applicant is not the designer, the deed of assignment usually is not needed, but the JPO may require the submission of the deed when necessary. The applicant may be an individual or corporation. An unincorporated body, such as a partnership, does not entitle to apply for a design in its own name.<sup>160</sup> However, a jointly applicant from an unincorporated body may file a design registration.<sup>161</sup> Another provision related to applicants is based on bilateral agreement between US and Japan. In this agreement company or association organized under the Law of USA may enjoy design right in Japan in its own name in accordance with provisions of the Japan-US Treaty of Commerce and Navigation.<sup>162</sup> The applicant for a related design must be the same as the registrant of the principal design registration.<sup>163</sup>

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<sup>157</sup> see, Tanaka, Yoshitoshi., "Study on Japanese IP System and Policy", Tokyo Institute of Technology (CIC), Tokyo, June 2004, p. 34 and Annual Report 2003 of the Japan Patent Office, at p. 26.

<sup>158</sup> See, Annual Report 2003 of the Japan Patent Office, at p. 31.

<sup>159</sup> See, Section 3 of the Japanese Design Law

<sup>160</sup> Brian W. Gray & Effie Bouzalas, "Industrial Design Rights: An International Perspective", Kluwer Law International, London 2001, at p. 188

<sup>161</sup> see, Section 15 of Japanese Design Law and Section 38 of the Japanese Patent Law.

<sup>162</sup> *ibid*

<sup>163</sup> see, Section 10 of the Japanese Design Law

### **4.3.2. Formality Documents**

#### *a. Priority Rights Document*

Certified copy of the original application filed in countries member of Paris Convention) (also member of WTO) for claiming priority rights is needed to be submitted within three months from the filing date.<sup>164</sup> This document usually is issued by IPR related institutional authority in the country where the original application was filed. If the applicant fails to submit this document on time, the application will be deemed to be applied without the priority rights and the application will be treated as a non-priority application.

#### *b. Evidence for claiming Exception to loss of Novelty*

Another document should be submitted is an evidence for claiming the exception to loss of novelty.<sup>165</sup> This kind of document is required in a case where the design has been published six months prior the filing date. The evidence must be submitted within 14 days of the filing date of the Japanese application.<sup>166</sup> The JPO may require the applicant to submit also a printed copy of the publication without any official certification. However, if such a design is published through an exhibition; the applicant should submit also a certificate issued by the event organizer.<sup>167</sup>

#### *c. Other Documents*

Instead of above documents, the applicant from countries of a non-member of Paris Convention or a non-member of WTO, except Taiwan, have to submit a reciprocity certificate, or a statement stating that his or her country accords Japanese nationals the same privilege as that given to its own nationals regarding patent rights in that country. If the

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<sup>164</sup> see, Section 15(1) of the Japanese Design Law and Section 43 & 43bis of the Japanese Patent Law

<sup>165</sup> see, Section 4 of the Japanese Design Law.

<sup>166</sup> See Section 4(3), *ibid*

<sup>167</sup> Brian W. Gray & Effie Bouzalas, "Industrial Design Rights: An International Perspective", Kluwer Law International, London 2001, at p. 189

applicant fails to submit this document, an official action will be issued calling for its submission.<sup>168</sup>

In the filing of a design registration, the JPO does not require the applicant to submit a power attorney, a deed assignment, a corporation certificate or a nationality certificate; unless it is deemed to be necessary by the JPO. The JPO will require the applicant to submit a corporation or nationality certificate in the case there is no clear indication regarding the applicant identification. A deed assignment may be required by the JPO for the purpose of correction of the name and/or the address of the designers.<sup>169</sup>

#### ***4.3.3 Overlap with other Intellectual Property Rights***

There may be case where one's design rights conflicts with that of another design, patent or utility model, trademark or copyright of an earlier date. In these cases, the owner of the subsequent design or his or her licensee cannot use the design for business purposes unless he or she obtains permission from the owner the said design, patent, utility model, trademark, or copyright.<sup>170</sup>

With respect to Patents or Utility Models, we have to look at the wording in the definition. By the definition, it is stated that a design concerns with the external appearance of an article<sup>171</sup> and, in this respect; it is different from an invention protected by patent or utility model registration which concern with the creation of new idea to overcome any technical problem by using natural law, though they all are related to the use of new ideas.

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<sup>168</sup> *ibid* with 161

<sup>169</sup> *ibid* with 161

<sup>170</sup> see, Section 26 of the Japanese Design Law

<sup>171</sup> see, Section 2, *ibid*

In the practice, an application for registration of a design, patent or utility model may be mutually converted into each other while maintaining the initial filing date. A patent or utility model application may be converted into an application for design registration at any time before the issuance of the examiner decision regarding the registration or before the expiration of the trial period, provided that the drawing sufficiently disclose the shape of the article to which the design applies.<sup>172</sup> Similarly, a design application can also be converted into a patent or utility model application before the issuance of the final decision.

With respect to trademarks cases, as the definition, the Design Law only protects the shape, pattern or color of an article. Under the New Trademark Law enacted on April 1, 1997, there is a possibility to register a trademark consisting of the shape of goods or the packaging provided that they are distinguishable and not indispensable for securing the function of the goods or the packaging.<sup>173</sup> Therefore, the trademark portion indicated on a product must be protected under the trademark Law, by filing an application for trademark registration. The conversion of a design application into a trademark application is not possible.

Regarding to the copyright case, the overlap between them cannot be avoided due their relevance. As the definition, a design which can be protected by the Design Law must be one that can be industrially utilized by mass production, while the copyright law principally protects pure fine art objects such as pictorial arts or sculptures; there is no provision on industrial mass production for copyright protection. In this case, the object of protection under the design rights is the same that of copyright, i.e the appearance or visualization of an object, but they are different in

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<sup>172</sup> see Section 13 of the Design Law, section 46 of the Patent Law and Section 10 of the Utility Model Law.

<sup>173</sup> See, Section 4(xviii) of the Japanese Trademark Law

term of the application. However, due to the developments in industrial art fields such as advance type faces or computer graphics<sup>174</sup>, it seems that it is difficult to distinguish between the industrial designs and copyrighted works.

#### ***4.4. Legal Aspects of Industrial Design***

##### ***4.4.1. Trial for the Appeal Board of the JPO***

In principle, the trial system has two objectives: as a higher level of examination and as a preliminary dispute settlement mechanism. Basically under the current practice of the Japanese Design System, there are three kinds of trial filed before the Appeal Board of the JPO. The first is trial against refusal decisions of examiners.<sup>175</sup> In this case, the applicant has to make a demand for a trial within 30 days after the decision; in another case due to certain reasons, the time limit to make a demand for a trial may be extended maximum 6 months from the date of decision. The second one is the trial against ruling to decline of amendment. In this type of trial, the applicant may demand a trial within 30 days after the decision of the ruling.<sup>176</sup> However, this trial will not be applied when a new application for a design registration has been filed.<sup>177</sup> The third one is the trial with the purpose to invalidate a design registration. In order to invalidate the registered design rights, any party should file an invalidation trial to the Appeal Board of the JPO.<sup>178</sup> Under the current practice, a design registration may be invalidated through an invalidation trial at the Appeal Board of the JPO if it falls within the grounds for invalidation as set forth in the legislation. The invalidation trial is usually raised on the basis of an infringement accusation from the right holder or novelty of the registered design.

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<sup>174</sup> see, Musker, David., "Community Design Law", Sweet & Maxwell, London 2002, at pp. 75 & 77: Typefaces are protected under the Design Law in the European Community.

<sup>175</sup> See, Section 46 of the Japanese Design Law

<sup>176</sup> see, Section 47, *ibid*

<sup>177</sup> see, Section 17ter, *ibid*

<sup>178</sup> see, Section 48, *ibid*

Particularly for the invalidation trial, the reasons for invalidation are usually almost the same as those for the rejection of a design application. Any registered design may be invalidated for the reasons that the design:<sup>179</sup>

- (1) cannot be utilized industrially;
- (2) is lack of novelty;
- (3) is an unregistrable design;
- (4) is identical or similar to a design in a prior application;
- (5) is a “related design” that does not meet the requirements;
- (6) is contrary to the provision of a treaty;
- (7) is filed by unauthorized person who is not the designer;
- (8) is filed by a person who is neither resident or domiciled in a country of non-member of Paris Convention or WTO.<sup>180</sup>

In the implementation, invalidation trial shall be held by way of oral hearing, but it may be held in writing ex officio or upon request.<sup>181</sup> When a design registration is invalidated by a decision at trial, such a registration is deemed not to be existence if there is enough evidence that such a registered design is not valid. In this case, such a registration will be deemed not to be existence at the time when the reason for invalidation exists. This could be happened sometimes after the registration date.<sup>182</sup> To response the objection from the third parties, the right holder shall file an answer against such an invalidation trial filed within a fixed period of time. In the case, one party is lost through the trial decision, such a losing party may appeal to Tokyo High Court within 30 day plus 90 days (non-extendable) from the mailing date of the

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<sup>179</sup> *ibid*

<sup>180</sup> see, Section 68(3), *ibid* and Brian W. Gray & Effie Bouzalas, “Industrial Design Rights: An International Perspective”, Kluwer Law International, London 2001, at p. 194.

<sup>181</sup> see, Section 52 of the Japanese Design Law, and Section 145 of the Japanese Patent Law

<sup>182</sup> see, Section 49 of the Japanese Design Law

statement of the trial decision.<sup>183</sup> Further, as the final step, any losing party in Tokyo High Court may appeal to the Supreme Court. Since an appeal to Supreme Court is for juristic examination on the basis of a precedent,<sup>184</sup> most disputes relating to the infringement itself are not suitable. In other words, an appellant usually has only a small chance of success in this final appeal.

#### **4.4.2. Infringement**

*The owner of a design right shall have an exclusive right to commercially working of the design and design similar thereto.*<sup>185</sup> Therefore, whoever works a registered design or a design similar thereto without authorization will be deemed to infringe the registered design right. The term of “working” of a registered design means the acts of manufacturing, using, assigning, offering for sale (including displaying for assignment or lease), leasing or importing of an article to which the design right applied.<sup>186</sup> Further, the legislation stipulates that acts of manufacturing, assigning, offering for sale (including displaying for commercial purposes), leasing or importing, in the course of the trade, things to be used for manufacture of an article to which the registered design or a design similar thereto is applied, are deemed to be acts of infringement against any design right.<sup>187</sup> Generally, whether or not there is an unauthorized work; an infringement is usually determined by checking the scope of protection (as represented in the drawing and the explanation attached to the application) to determine the extent of such an infringement act.

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<sup>183</sup> see, Section 59 of the Japanese Design Law and Section 178 of the Japanese Patent Law

<sup>184</sup> see, Davis, Joseph W.S., “Dispute Resolution in Japan”, Kluwer Law International, Netherland, 1999, at p. 62, and Agus Sardjono, “A Final Report: the Japanese Patent Law System”, WIPO-Japan Research Fellowship, Tokyo 2000, p. 4

<sup>185</sup> see, Section 23 of the Japanese Design Law.

<sup>186</sup> See, Section 2(3), *ibid*

<sup>187</sup> see, Section 38, *ibid*

In a case there is a dispute relating to the infringement of a design rights, usually the problem to be solved is related to the question on the extent and involvement of such an infringement. In order to solve the problem in relation to the validity of any design right, the legislation provides for a provision to overcome this matter. It is stipulated that the JPO may make an interpretation with respect to the scope of a registered design and designs similar thereto.<sup>188</sup> In this respect, the right holder may seek an official opinion of the JPO, regarding to the question on the scope of the registered design whether it extends so far as to cover that has been be manufactured, sold or used by the right holder against that of the alleged infringer. In another respect, the alleged infringer has the right to file a demand for an official confirmation that the article manufactured or sold by him or her, or the acts of his or her working do not constitute an infringement of the registered design right. Another option for the alleged infringer is that he or she may make a demand for invalidation trial if there is enough evidence to do that.

#### ***4.4.3. Legal Remedy***

If the right holder of a registered design or exclusive licensee considers that their design right is infringed by third parties, they may seek a legal remedy in the form of:

- an injunction,<sup>189</sup>
- account of damages or return of unfair profit,<sup>190</sup> and
- measures for recovery of reputation.<sup>191</sup>

In the civil procedure, the right holder or exclusive licensee, in addition to demanding the discontinuance of the infringement, may demand the performance of certain acts necessary to prevent the infringement, such

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<sup>188</sup> see, Section 25, *ibid*

<sup>189</sup> see, Section 37, *ibid*

<sup>190</sup> see, Section 39, *ibid*

<sup>191</sup> see, Section 41, *ibid*

as the destruction of an article, which constitutes an infringing act, or the removal of facilities used for such infringing act.<sup>192</sup> The right holder or exclusive licensee may also claim damages and/or take measures necessary for the recovery of business reputation.<sup>193</sup>

Instead of above remedies under civil courts, the right holder or the exclusive licensee also may seek another remedy under the criminal procedure. In this regard, “any person who has infringed a design right or an exclusive licensee shall be liable to imprisonment with labor not exceeding three years or to a fine not exceeding 3.000.000 yen”.<sup>194</sup> The criminal case is often prosecuted along with a civil case, or may not be prosecuted at all. The Public Prosecutor Office would not initiate an action unless upon accusation, prima facie evidence is produced showing that an infringement exists in actuality; a mere, arbitrary allegation on the part of the right holder is not sufficient.<sup>195</sup>

The presumption of validity of a design rights in an infringement case is a very important legal opinion in the case.<sup>196</sup> In this regard, the allegedly infringer may challenge the validity of the design right by filing an invalidation attack to the Appeal Board of the JPO.<sup>197</sup> There is an interesting thing in this procedure. The JPO has the jurisdiction on the matter of invalidation trial, but the courts have the jurisdiction in infringement lawsuits. A design right may be invalidated under the trial of the JPO; another authority (including the court) are not suitable to deal with invalidation case.<sup>198</sup> However, if the court decision tells that

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<sup>192</sup> see, Section 37, *ibid*

<sup>193</sup> see, Section 39, *ibid*

<sup>194</sup> see, Section 69, *ibid*

<sup>195</sup> Brian W. Gray & Effie Bouzalas, “Industrial Design Rights: An International Perspective”, Kluwer Law International, London 2001, at pp. 192-193

<sup>196</sup> Based on a discussion with a Patent Attorney

<sup>197</sup> see, Section 48 of the Japanese Design Law.

<sup>198</sup> Agus Sardjono (2000), “The reason behind this opinion is that the trial examiners are deemed to be able to make more appropriate decisions than judges who do not have enough technical expertise in that field. Another reason is that the registration of a design is not deemed as an act of confirmation, but as a

such a registered design is invalid then the JPO has to follow the court order.

In response to the demand on invalidation trial, the JPO will conduct an invalidation trial and assign the collegial body consisting of three examiners to make the decision. The trial has the main purposes for a correction on defects or erroneous judgment made by examiners, and providing fairness judgment on the basis of the balance between public rights and private rights. Thus, the trial examination will be conducted more comprehensive than substantive examinations to obtain a fair decision. Usually there is no conflicting decision between the court and the trial. In order to avoid the contradictive decision between the invalidation trial of JPO and infringement lawsuit of the court, under the current practice, the infringement lawsuit will be suspended while the invalidation trial is still in the process.

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formative act by the administrative office. In this regard, a decision of the administrative office should be reviewed if the decision is not acceptable. Following to the review, if such a review is still not acceptable, public may seek a judicial judgment whether the decision made by the administrative office is justifiable or not. Therefore, a registration of designs may be cancelled by the Appeal Board of JPO through the invalidation trial”.

## **V. Comparison the Practices on Industrial Design System between Indonesia and Japan**

### ***5.1. Substantive Aspects: Registrability of a Design***

#### ***5.1.1. Registrable Design***

Indonesian Design Law stipulated that industrial design can be defined as long as it comprises of the shape, configuration, or composition of line and/or color, or combination thereof applied to any article, product, or goods or industrial commodities including handy craft, which produce aesthetic impressions.<sup>199</sup> In comparing the definition of Industrial Design between the Japanese and Indonesian systems, basically they are the same in the meaning wherein both of them include aesthetic impression and commercial use.<sup>200</sup> Under the Japanese system the definition of Industrial Design is defined in Section 2(1) of the Law No. 125 of 1959 (as amended)<sup>201</sup>. However, there is a small difference between them. The Indonesian Design Law has an additional protection on handy craft that possibly has been protected under the Copyright Law.<sup>202</sup> In this provision it is stated that handy crafts may be deemed as folklore. If this is the case, then the wording of “handy crafts” in the Design Law needs to be further clarified in order to avoid overlap between copyright and industrial design protections with respect to term of protection.

#### ***a. Novelty***

Another condition to be fulfilled of an industrial design application in order to be eligible for protection is the design should be novel.<sup>203</sup> Indonesian legislation further explains that the novelty is based on any worldwide disclosure of such designs prior to filling date. Any design application is deemed to be novel if it is not the same with the previous

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<sup>199</sup> Article 1(1) of Indonesian Design Law

<sup>200</sup> see Section 2(1) of the Japanese Design Law

<sup>201</sup> The last amendment of the Law No. 24 of 2002

<sup>202</sup> See Article 10 of the Copyright Law No. 19 of 2002

<sup>203</sup> see Article 2 of Indonesian Design Law

disclosure. The Japanese system also applies the same requirement of novelty, but there is a little bit different in the wording of the “same” and “similarity”. Under the Japanese system any design application will be deemed not novel if it is similar with the previous one (earlier disclosure). On the contrary, under Indonesian system, any design application will not have novelty if it is the same with the previous one.

Based on this difference, it can be interpreted that the scope of protection under the Japanese system is broader than the scope of protection conferred under the Indonesian system. One may argue that the broader scope of protection will result in really new design creations. In this case, we can expect that all registered designs are substantially different product designs over the existing designs. This system probably will not suitable for Small Medium Enterprises (SMEs) that relied on improvement activities against existing designs. To anticipate this problem, the Japanese Design legislation provides several types of application; one of them is partial design where one can say that this type of application may be suitable for SMEs. This type of application seems to be dedicated to protect the improvement or small changes over existing designs. This partial design system is introduced in the legislation in 1998. Partial design application is a design application for the most unique part a product, and it substantially has powerful protection focusing on the specific part of product.

The broader scope of protection will give the rights holder more reward in creation of new product appearances. Theoretically, this will result in the stronger assurance for the right holder to exploit their creations, and further increase the number of new creations of design products. In another respect, the narrower scope of protection under the Indonesian system leads to a situation where designers will have less reward on their creation that may result in weaker assurance for the right holder.

As the consequences, possibly this will lead to a situation where designers are not encouraged to create the new design products.

*b. Exception to Lack of Novelty*

With respect to the judgment of novelty, the Indonesian Design Law provides a grace period of novelty. Under this provision, any design is still deemed to be novel for a certain conditions.<sup>204</sup> The purpose of this provision is to give the applicant an opportunity to develop and preparing the market of such products before filing an application.

The similar wording also can be found in the Japanese Design Law. If any design has become publicly known in Japan or in any foreign country, or when the design has been disclosed in a publication distributed in Japan or in any foreign country against the will of or because of the acts of person having the right to obtain registration of the design, such person may still file a valid application within six months of the first date when his or her design became known to the public or was disclosed in a publication. Such a design is deemed not losing its novelty.<sup>205</sup> This provision also confirmed that in the case where a design has become publicly known or has been disclosed in a publication because of the acts of person having the right to obtain registration of the design, such person must state in the application that he or she desires to have the provisions for exception to loss of novelty applied to the application. Within 14 days from the filing date of the application, he or she must submit evidence to the JPO showing the disclosure of the design.<sup>206</sup>

*c. Creativity*

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<sup>204</sup> Article 3 of Indonesian Design Law

<sup>205</sup> Section 4 of the Japanese Design Law

<sup>206</sup> Ibid

In addition to the condition of novelty of industrial design, the Japanese system also requires that any design application should not be easily created by a person skilled in the art prior to the filing date.<sup>207</sup> This kind of requirement on the registrability of industrial design under the Japanese system encourages designers to create different innovative designs, which cannot be expected by the person skilled in the art. With this respect, in order to be eligible for protection the Japanese industrial design should have some “newness” on the basis of development of the new idea. Comparing with the TRIPs standard, this means that Japanese has a higher standard on the protection of industrial designs. Thus, it will impact on the development of innovative creations that in turn will nurture industries in the country. Indonesian Design legislation does not provide this kind of requirement. However, in order to facilitate SMEs to obtain the protection or create new designs, the legislation is provided with a lower creativity degree.

#### *d. Industrial Applicability*

Even though Indonesian Design Law does not provide for any specific provision governing the industrial applicability of a design application, but in the definition of industrial design, the court may interpret that industrial design protection should be conferred to any industrial products, capable of being mass produced.<sup>208</sup> This requirement of eligibility of protection for industrial design is also found in the Japanese Design Law. It is stated that “the design should be capable to be mass produced”. If the design application does not pertain to an article, or is not concrete or capable of being industrially mass produced, the application can not be registered.<sup>209</sup> This provision particularly has the purpose to clarify the protection conferred by copyright law and industrial design law, as well as to balance between public and private

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<sup>207</sup> Section 3(2) of Japanese Design Law

<sup>208</sup> Article 1(1) of Indonesian Design Law

<sup>209</sup> Section 3(1) of the Japanese Design Law

needs. It is not fair that any copyrighted works at the same time also has the protection under the design law. It seems that the situation would lead to an abuse of monopoly rights.<sup>210</sup>

#### *e. Public Interest Consideration*

As stipulated by Article 4 of Indonesian Design Law, it is stated that the design protection should be conferred for designs not contravene with the prevailing laws and regulations, public order, morality or religion.<sup>211</sup> The provision has the purpose to protect public interests from the exploitation of privates. The similar provision also can be found in the Japanese Design Law, albeit with the different wording. The protection of public interests from being privately exploited can be found in Section 5 of the Japanese Design Law.<sup>212</sup> It is stated that notwithstanding with novelty, creativity and industrial applicability, no design protection will be conferred for designs liable to contravene public order or morality, designs liable to cause confusion with other person's goods, and/or designs to resemble function of a product.

### **5.2. Administrative Aspects: Filing Procedure**

#### **5.2.1 Filing an Application under the Indonesian Legislation**

In general, an industrial design application should be filed to the Directorate General of Intellectual Property Rights.<sup>213</sup> After the completion of administrative check then such an application will be published in the Design Gazette for 3 (three) months to give public or third parties an objection against such an application for registration.<sup>214</sup> If there is no objection against such an application, then automatically the application will be registered without any examination on its

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<sup>210</sup> Holyoak, Jon., and Torremans, Paul., "Intellectual Property Law", Butterworths, London, 1995, at p.252.

<sup>211</sup> Article 4 of Indonesian Design Law

<sup>212</sup> Section 5 of the Japanese Design Law

<sup>213</sup> Article 10 of the Indonesian Design Law

<sup>214</sup> Article 25(1) and 26(1) of Indonesian Design Law

novelty.<sup>215</sup> Substantive examination will be taken, if any third parties submit an objection against the application. In this respect, the Indonesian legislation has a mixed approach to protect industrial designs.<sup>216</sup>

The mixed system approach applied to protect industrial designs in the practical sense has positive and negative impacts in the implementation of such legislation. Under this system, an old design possibly could be registered because the application is registered due to no substantive examination. One can say that this decision may lead to an unfairness situation where the private sector or the owner of the design rights instantly will obtain the protection without any check on the novelty. The situation eventually possibly may result in a situation wherein the private sector or the right holder is given more preference than the public, or in another word; the balance between private and public needs is distorted.

However, with respect to provide a balance between the right holder interests and public needs, the Design Law stipulates that any registered design may be subject of cancellation on the basis of the court decision (the Commercial Court) regarding the novelty.<sup>217</sup> This procedure also serves as the counter check against wrongly decision of the registration taken by the Directorate General. The Directorate General of Intellectual Property Rights in this respect, according to the law does not directly control over the newness of design applications, and it only depends on the objection from the third party to cancel the registration. Such a control is left to public as the user of the design system. In this respect, the Directorate General as the main institution to administer intellectual property needs some more attempts to control the newness of design

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<sup>215</sup> Article 29 of Indonesian Design Law

<sup>216</sup> A mixed system between copyrights and patents

<sup>217</sup> *ibid*, article 38(1)

application. This is particularly important if the legislation has the purposes to “create a conducive-climate for creations and innovations of the people in the field of industrial designs as a part of the IPR system”<sup>218</sup>

The idea of this system under the Law No. 31/2000, instead of having positive impacts, particularly to increase the public awareness on the protection of industrial design, but the system also has negative impacts particularly regarding to the balance between private and public needs. The positive impacts on this procedure are, firstly the right holders will have some advantages through the rapid procedure and instant rights for the protection. Secondly, the administration procedure will become bureaucratically slimmer. Thirdly, the right holders may instantly have the monopoly right to prevent others from using the design, although their designs possibly are not new designs. These positive impacts are mainly useful to increase the awareness of the new IPR system.

However, in another respect, the system also has the negative impacts. With the non-examination system, the negative impacts of the system particularly can be expected that many disputes will be filed to the courts relating to the infringement or cancellation cases. This situation will cause a situation of uncertainty on the validity of any registered design. The worse impact of the system in this regard; there is no clear legal assurance on the protection of non-examined design registration unless the court decides that the registration is valid. This situation may lead to a condition where designers will not be encouraged to create new good designs.

In this context, it should be stressed out that the Design Law No. 31/2000 basically has the objectives to provide public or people, particularly

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<sup>218</sup> see, Preamble of the Indonesian Design Law No. 31/2000

designers, the opportunities to create new product designs for a limited scope of protection, and to enhance quantitatively the national product that having impacts to competitive market through a variety of product appearances. This means that any design can be protected as long as such a design is distinct or not the same to prior art. In addition, this system has an effect that the scope of protection over product designs will be very narrow, where similarity is not accommodated in the Design Law and any minor differences could possibly obtain the protection. One may think that this provision needs to be revised or clarified otherwise it will not comply with the minimum standard of registrable design under article 25(1) of the TRIPs Agreement.<sup>219</sup>

In the short term basis, the current system approach is probably still in line with the national industrial interests in which relatively narrow scope of protection can be expected to foster public in designing new similar product appearances. However, *in the long term* basis the current approach will not be suitable anymore, where a broader scope of protection will be sought by industries to establish their market power. Based on this situation, it will be wise to consider the appropriate system of Industrial Design protection, whether it will be based on the registration system or fully examination system, and/or will provide the right holder with the broader scope of protection or not.

### ***5.2.2. Procedure to File and Type of Applications under the Japanese System***

The industrial design application procedure under the Japanese system is quite different with that of Indonesian system. After submission of an application to the Japanese Patent Office and some corrections when necessary, the application will be examined as for administrative and

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<sup>219</sup> pursuant to article 25(1) of the TRIPs Agreement, it is stated that “designs are neither new nor original if they do not significantly differ from known designs or combination thereof”

substantive matters.<sup>220</sup> An application will be published after finalizing the substantive examination and payment for the first annual fee. Depending on the examiner's notification, an applicant may raise an objection against the refusal decision of an examiner before the Appeal Board of JPO. On the other hand, any third parties may raise an objection against any registered design by filing an invalidation trial before the Appeal Board.

The procedures under the Japanese Design system, seems to be appropriate for Japanese industrial sectors and public. There is a check-balanced system of public and private sectors, and at the preliminary stage the system is directly handled by the JPO as the main administrative institution on the design protection. Instead of providing a strong system of protection, the legislation also provides some types of application to accommodate a simple improvement as well as to avoid severe slight-different imitation.<sup>221</sup> While the system provides highly assurance on the design protection, the system also has the impact to accommodate the SMEs in obtaining design protection, e.g. by protecting a small improvement of partial design application.

Instead of providing a strong protection and facilitating SMEs to obtain design protection, the Japanese design system also has flexibility in the administrative term. There are several types of application for a design registration to make an applicant easier to choose the most appropriate protection might be. As an example, the secret design is dedicated for the purpose if an applicant wishes to delay the publication during the market preparation while he or she obtains the protection over the design. Related Design in another respect is available for an applicant who wants to apply several similar designs at the same time. While the partial

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<sup>220</sup> see. Japan Patent Office, "IPR Training Textbooks 2003", Tokyo 2003 (CD ROM)

<sup>221</sup> Barrett, Margareth., "Intellectual Property: Cases and Materials", American Casebook Series, West Publishing Co., Minnesota, 1995, at p.325. It is said that the court find difficulties to solve infringement cases in "change a small feature" of imitation products.

design application is specifically adapted from the patent system. In this kind of protection, an applicant has an opportunity to file an improvement design over the previous one with a limited scope of protection. Finally divisional application and conversion of application are more likely provided for an applicant to change or to amend of an application during the period of examination. Especially the conversion of application gives an applicant to change between patent or utility model applications into design applications, or vice versa.

### ***5.3. Legal Aspects***

With respect to the law enforcement, there are some differences in procedures at the enforcement of design rights. With respect to the cancellation procedure and objection against refusal, both the Japanese and Indonesian design system adopted the different procedure. Procedures for the cancellation of design rights by third parties and objection against refusal in Indonesia will be prosecuted by the commercial court. Particularly for the cancellation by third parties, this action usually will be held upon a demand based on accusation of infringement conduct. As a defense against such an accusation, as to the alleged infringer, if he or she knows that the registered design is not novel or has been published anywhere, he has the right to file a cancellation of such registered design on the ground validity. Under the Indonesian system, this procedure will be prosecuted by the commercial court, and possibly the Supreme Court.

Based on Indonesian design law, an application will be published upon the formality checks, if during the publication period (3 months), there is no objection against such design publication raised by the third party, the design will be registered. Substantive examination will be conducted on the basis of an objection during the publication period. In the case of rejection by the DGIPR and/or third party's objection against the

registration validity, the only mechanism of the right holder or the third party to raise an objection against such a refusal and/or registration is to file the objection before the Commercial Court. The system seems quite expensive for industries particularly SMEs, if all of objections and validity matters should be resolved by the court.

Unlike the Indonesian system, based on the Japanese design law, the procedure for cancellation and/or objection against refusal may be taken by appeal board of Japan Patent Office. The reason is clear that the JPO has the responsibility to recheck the validity of the registered design. It seems that this system will result in accurate decision. The procedure under the Japanese system called by trial for the appeal board of the JPO serves as providing higher level examination and preliminary dispute settlement mechanism. Both cancellation of the registered design and objection against refusal will be held in this trial. If any party is not satisfied by the decision of the appeal board, they may continue the proceeding before the Tokyo High Court or possibly the Supreme Court.

In the determination of infringement case, basically both systems have similar procedure. All of infringement cases should be filed to the court; in Indonesia the proceeding will be conducted by the commercial court, and in Japan, the district court will take the proceeding for the first time. The only different of the system, after the proceeding of the commercial court, any dissatisfied party may file the case to the Supreme Court in the Indonesian legal system. Under the Japanese legal system, after the proceeding at the district court, any party may continue the proceeding before the Tokyo High Court and possibly the Supreme Court.

With regard to the legal remedy, both legal systems adopted the same principle, i.e civil and criminal procedures. However, under the civil procedure, Indonesian system does not have remedy in the form of account of damage and measures for recovery of reputation as the

Japanese legal system has. Under the Indonesian legal system, infringement cases will be resolved by the criminal procedure approach.

## **Part IV. Conclusions and Recommendations**

### ***4.1. Conclusions***

Industrial Design as one of Intellectual Property Rights legal systems play an important role in the trading of consumer goods or products. The protection conferred by the design law is needed for industries to use the design and gain the market share by protecting new designed products or goods for a certain period of time. As applied in most countries, in order to be eligible for protection, the design should come into the register nationally or internationally.

As the procedures applied for the design registration are different between countries, harmonization on the procedure will be necessary to provide a greater assurance in the protection of industrial design in the era of market globalization. In this regard, Indonesian design law is compared with the system under the Japanese law, in term of administrative, substantive and legal aspects. Based on the comparison in the practice and rule of law for industrial design system between Japan and Indonesia, it can be drawn some conclusions that:

- a. The Protection of industrial design is well recognized in Japan, even in the practice, the protection conferred by the Japanese design law is stronger than that is provided under the TRIPs Agreement. It can be seen that under the Japanese Design Law, substantively the scope of protection conferred by the law is quite broad to give the industries more assurance in using their designs to their products. Further, instead of providing the broad scope of protection, administratively the law also governs the design applications for a narrower scope of protection as well as other types of protection that may be useful for SMEs in obtaining design protection and most industries in general. Regarding to the legal aspect, the Japanese Design law provides an invalidation

mechanism prosecuted by the Japan Patent Office. Instead of this procedure, the court system handling the design infringement cases can be started from the district court, the Tokyo high court and finally the Supreme Court. This system is particularly important to provide public with a fair, quick, and accurate decision regarding the enforcement of design rights in terms of balance between public and private needs.

- b. In another respect, even though industrial design protection is quite well recognized in Indonesia, in terms of compliance under the TRIPs Agreement, in some aspect there are some differences from the Japanese system. In general the protection conferred by Indonesian design law is not as strong as the protection under the Japanese system. As we can see, in terms of substantive, the scope of protection under the Indonesian system is a little bit narrow comparing with the Japanese system. It seems that the scope of protection conferred under the Indonesian system is comparable with the partial design under the Japanese system; there are no many types of protection under the Indonesian design law. Even though administratively, this system provides a quicker granting procedure, but in another respect the system also may result in difficulties for the right holders to enforce their design rights. For particular cases, the right holders wish to enforce their rights as broad as possible, whereas the protected scope of the right itself is not as broad as they want to enforce; they are limited in nature. In this regard, the competitor can easily use similar designs with the previous designs as long as they are different from the existing designs. Also under this system, there is no provision on licensing in the case of a party uses similar design owned by another party. In the legal aspect, all of cases relating to the legal matters will be handled by the commercial court, including the cancellation or invalidation cases. Under the Indonesian system, the work load of legal matters will be prosecuted by the commercial court. The

losing party dissatisfied with the decision of the commercial court may file a cessation or file the case to the Supreme Court.

#### ***4.2. Recommendations on Indonesian Design System***

Even though generally Indonesian Design Law has no problem in the compliance with international standard for the protection of industrial designs, but in order to provide with public a greater assurance which is in turn to encourage the creativity and the establishment of conducive market climates, there are some issues necessary to be considered in the review. The review or possibly amendment and additional of some provisions over the current legislation is particularly necessary to strengthen the design protection conferred by the Design law. As a whole the administrative procedure for the registration can be applied with some improvement in the legislation. When we look at the previous discussions, let me draw some improvements necessary by the current legislation as follow:

- a. The design law needs an amendment in order to provide a broader scope of protection conferred by the design law through accommodating the “similarity” concept in the legislation. This amendment has the purpose to provide the rights holder a greater assurance on the enforcement of the rights, and confirm the public with a clear scope of protection.
- b. Along with a broader and clear scope of protection, the legislation also needs an additional provision to accommodate the need on a narrower scope of design protection, as well as different types of protection in the view of the right holders. This provision is necessary to accommodate the protection for improvement over the previous designs which will be useful for SMEs in obtaining design protections, and the necessity of industries in using and creating the product designs.

- c. Another provision necessary to be included in the legislation is the provision relating to the compulsory licensing which is important to anticipate the national interests in an emergency situation.
- d. Further provision necessary to provide the balance between public and private needs, is the provision to extend the period of opposition by any party against any registered design. The current procedure with a 3 months period of publication needs to be change for the whole period of protection. In this regard, any interested party may object to a registered design any time during the term of protection.
- e. Under the current system, there is no the appeal system in the legislation. The appeal system is needed to provide the right holders or any party with a fair decision regarding the procedure of design registration administered by the IP office. With this appeal system, indeed, any interested party may file an invalidation or cancellation against any registered design.

Relating to the international design registration under the Hague Agreement, Indonesia as a member of the London Act 1934 needs to review its membership in Agreement to avoid uncertainty regarding the adoption of such an agreement. In reviewing the membership, another option shifting the membership from the London Act 1934 to the Geneva Act 1999 needs comprehensive studies in the light of national directions.

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