

**Trans-Pacific Partnership Agreement (TPP)**  
**Analysis on IP Chapter:**  
**Potential Opportunities and Challenges for Indonesia**

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## Executive Summary

1. To Join the TPP Agreement, Indonesia has to meet all the requirements provided under the Agreement including the obligations related to intellectual property rights (IPRs). There are potential costs of implementing TPP's IPRs provisions. However, TPP provisions also provide flexibilities for TPP Parties to minimize such costs.
2. The potential costs that will be encountered by Indonesia are, among others:
  - Indonesia has to amend its related IP Laws, which will raise institutional and legislative challenges.
  - The market entry of generic pharmaceutical products, biosimilar and generic agricultural chemicals will be delayed. Consequently, this will affect the launch of the relatively low-priced products in the market.
  - Indonesia will bear the costs to implement its amended laws, such as training, improving facilities and technology and bureaucracy reform.
  - Longer copyright protection will delay copyright works to fall into public domain. It will present challenges for Indonesia to provide access to knowledge for its people.
3. The flexibilities provided by TPP provisions are as follows:
  - TPP Parties are able to adopt measures necessary to protect public health.
  - TPP provides an exceptions provision which is identical with TRIPS Article 30. In the context of pharmaceutical, the regulatory review exception, known as Bolar provision, is the most common exception to the exclusive right of the patent holders. This exception has been upheld as conforming with the TRIPS Agreement in a WTO dispute ruling.
  - TPP provides some degree of flexibility for TPP Parties on how they implement the obligations including those related to patent term extension.
  - TPP makes available exception in copyright for legitimate purposes such as research, news reporting, teaching and facilitating disable and blind people.
  - TPP gives flexibility for countries to adopt limitations and exceptions related to technological protection measures (TPMs) and right management information (RMI).
  - TPP allows each country to determine appropriate amount of pre-established damages awarded in civil remedies.
4. We conclude that:
  - Indonesia has adopted domestic measures that apply the treaties, namely, UPOV 1991 and Budapest Treaty, to the application as it was the signatory. Thus, it is important for Indonesia to negotiate with other TPP Parties that it has established its own system of protection (effective *sui generis* system) that gives effect to relevant international treaties. Indonesia has also expressed its interest to accede to Madrid

Protocol. Once it is done, it does not need to accede to or ratify Singapore Treaty. In short, TPP's requirement regarding the membership in certain international intellectual property agreements does not pose any great challenge for Indonesia.

- Indonesia will need to amend its existing Trademarks Law to be in line with TPP provisions, such as those related to 'types of registerable signs', 'well-known marks' and 'non-recordal of a licence'. Indonesian Trademarks Law provisions have been criticized primarily for the lack of clarity. Implementing regulations regulating the details are lacking. The amendments and implementing regulations will be useful and helpful in providing more clarity and enable Indonesia to meet its TPP obligations.
  - Improving national geographical indications (GIs) protection and facilitation and the protection of genetic resources, traditional knowledge and folklore will most likely benefit Indonesia.
  - TPP provisions on Patents and Undisclosed Test or Other Data appear to focus on providing greater protection for pharmaceuticals. To join TPP, Indonesia should amend its Patent Law to make patent term extensions and data exclusivity available in its domestic legal system. Indonesia is an importer of patented technology and their domestic market relies heavily on generic version of patented pharmaceuticals, thus it is unlikely that Indonesia will benefit from an extension of patent term, particularly for pharmaceuticals and from providing longer data exclusivity. Indonesian law should be amended in a way that it will minimize the compliance costs by limiting the scope and period of patent term adjustment and enhancing the efficiency of patent/drugs agencies.
  - TPP provisions on Copyright focus more on digital environment, such as technological protection measures (TPMs), rights management information (RMI) and the role of internet service providers (ISP). In order to comply with TPP provisions on copyright, Indonesia should amend its Copyright Law. Definition of TPMs and RMI should be expanded to reflect the definition in the TPP. The amendment should also include broader limitations and exceptions on circumvention on TPMs and RMI to prevent excessive protection.
  - Enforcement section, especially civil and criminal remedies provisions in the TPP Agreement require harsh punishment for infringement. However, at the same time it gives countries some degree of flexibility. For example, although the TPP requires its Parties to adopt the system of 'pre-established/statutory' damages or additional damages, it allows countries to determine an appropriate amount to create deterrence effect without being excessive.
5. With Indonesia seeking to diversify its economy, Indonesia should have the IP legal regime that supports Indonesia's transformation into a knowledge-based economy and creative industry. Managing intellectual property rights laws is significant in supporting

and realizing Indonesia's potential. The laws should be able to provide the appropriate balance in IP protection between IP holders and users as well as to facilitate domestic stakeholders to embrace technological advancement, to express their creativity and to innovate.

6. Overall, policy makers need to plan for the possibility of Indonesia's gradual transformation into a knowledge economy. If we wish to grow our IP industries, the law should support the growth.

Provisions	Legal Gap	Amendments Required	Cost of Compliance	Socio-economic Impact
<b>Section A – General Provisions</b>				
Ratification of certain international IP treaties and agreements	<ul style="list-style-type: none"> <li>• TPP requires TPP Parties to ratify or accede to nine international IP Agreements.</li> <li>• Indonesia is not a party to four of them.</li> </ul>	<ul style="list-style-type: none"> <li>• Ratification or accession to the listed international IP agreements, or</li> <li>• None, if successfully negotiating <i>sui generis</i> system application (instead of ratification).</li> </ul>	<b>The cost of compliance will be moderately low.</b> Indonesia's laws and regulations including a draft of trademark law explicitly refer to or are largely mirrored those agreements.	<ul style="list-style-type: none"> <li>• A more efficient international trademark registration available.</li> <li>• Enabling national brands competing with international ones.</li> <li>• Undermining the local IP lawyers' function and revenue.</li> <li>• Farmers' rights to sell, restore and exchange the seeds affected.</li> </ul>
<b>Section C – Trademark</b>				
Types of registrable signs	<ul style="list-style-type: none"> <li>• TPP requires TPP Parties to make available trademark protection for sound and scent.</li> <li>• The prevailing Indonesian trademark law does not cover 'sound and scent'.</li> </ul>	Accommodating some forms of 'non-conventional' marks in the domestic law.	<b>The cost of compliance will be low.</b> A draft of new trademark law has incorporated the 'non-conventional' marks such as sounds, scents, three-dimensional marks and holograms.	<ul style="list-style-type: none"> <li>• Practical challenges faced by the examiners of trademark office to assess 'non-conventional' marks.</li> <li>• Encouraging the progressive creativity of individuals/businesses in creating their brand.</li> </ul>
Well-known marks	<ul style="list-style-type: none"> <li>• TPP extends the protection to dissimilar goods/services and unregistered well-known marks.</li> <li>• Implementing regulations on dissimilar goods/services are still lacking, and Indonesia's Law basically does not protect unregistered marks (first-to-file system).</li> </ul>	Amendment and the availability of implementing regulations are required.	<b>The cost of compliance will be moderately high.</b> Indonesia needs to make available a special kind of protection for unregistered well-known marks where the first-to-file rule is exempted. Additionally, implementing government regulations and guidelines on dissimilar goods/services will be	<ul style="list-style-type: none"> <li>• Providing assurance to the owners of unregistered well-known marks.</li> <li>• Open the door for future investment.</li> </ul>

			needed	
Non-recordal of a license	<ul style="list-style-type: none"> <li>• TPP requires that the failure to record a license should not affect the validity of the agreement or the use of a mark by an unrecorded licensee</li> <li>• The recordal of IP license agreement is mandatory in Indonesia. Failure to record, the agreement does not have effect against any third party (in case of infringement or of an assignment of trademark).</li> </ul>	A number of provisions have to be amended.	<b>The cost of compliance will be moderately high.</b> Institutional/legislative challenges encountered by government to amend the law and issue implementing regulation. However, prior to 2016, it was practically not possible to record the license agreement in Indonesia due to lack of regulation or guidelines.	<ul style="list-style-type: none"> <li>• Lowering/eliminating costs and inconveniences of recording (particularly for multiple licenses such as franchise agreements, or multiple classes).</li> <li>• Preventing 'non-use' legal claim by third party.</li> <li>• Preventing the risk of 'unknowingly'/good faith non-recordal.</li> <li>• Revenue obtained from recordal registration and IP consultancy fees deflated.</li> </ul>
<b>Section E – Geographical Indications</b>				
Protection	<ul style="list-style-type: none"> <li>• TPP recognizes that geographical indications (GIs) may be protected through trademarks or <i>sui generis</i> system or other legal means.</li> <li>• Indonesia's Trademark Law includes the provisions regulating GIs. The implementing regulation of the prevailing Trademark Law, namely the Government Regulation No. 51/2007 has introduced a <i>sui generis</i> geographical indications protection and registration.</li> </ul>	Accommodating the grounds of opposition provision provided by TPP.	<b>The cost of compliance will be low.</b> It is within Indonesia's interest to protect its GIs even beyond those required by the TPP.	<ul style="list-style-type: none"> <li>• Providing protection of Indonesia's traditional ingenious biodiversity and agricultural products</li> <li>• Playing an important role for Indonesia economic development, particularly for the rural areas.</li> </ul>

Section F – Patents and Undisclosed Test or Other Data				
Patentable subject matter	<ul style="list-style-type: none"> <li>• TPP makes patent available for new uses, new methods, or new processes of known products.</li> <li>• Indonesia's prevailing patent law does not cover 'new uses/methods/process'.</li> </ul>	The amendment is required.	<b>Compliance can be problematic.</b> Indonesia's draft patent law excludes 'new uses' from patentable subject matter.	<ul style="list-style-type: none"> <li>• Encouraging 'evergreening' practice.</li> <li>• Delaying the introduction of generic equivalents.</li> </ul>
Patent term adjustment	<ul style="list-style-type: none"> <li>• TPP requires patent term adjustment in the event of 'unreasonable delays' and 'unreasonable curtailment' in the grants of a patent or regulatory/marketing approval.</li> <li>• Patent term adjustment does not exist in Indonesian patent law.</li> </ul>	Indonesian Patent Law should be amended to make patent term adjustment available.	<p><b>The cost of compliance will be high.</b> The implementation of these obligations will potentially impose high costs particularly on public health.</p>	<ul style="list-style-type: none"> <li>• Longer patent protection for products using patented technology.</li> <li>• Delaying the decrease of drug prices and prices for agricultural chemical products.</li> <li>• Delaying entry into the market of generic version of the patented pharmaceutical products as well as agricultural chemical products.</li> <li>• Imposing burden and costs to Indonesia economy and national health care system.</li> </ul>
Data exclusivity	<ul style="list-style-type: none"> <li>• TPP provides that data submitted to patent office will be protected for certain years.</li> <li>• Indonesian Patent Law does not provide data exclusivity.</li> </ul>	Data exclusivity should be incorporated in Indonesian Patent Law in order to comply with the TPP.		
Patent linkage	<ul style="list-style-type: none"> <li>• TPP requires each Party to have 'patent linkage' system where the original patent holder will be notified prior to the marketing of the generic version of their product.</li> <li>• Indonesia does not have 'patent linkage' in the Law.</li> </ul>	The system has to be established and included in the Patent Law.	<b>The cost of compliance will be high.</b> Indonesia needs to determine the 'patent linkage' system that it deems fit.	<ul style="list-style-type: none"> <li>• Delaying marketing approval of generic drugs.</li> <li>• Undermining the Bolar Exception.</li> <li>• Requiring the marketing approval agency to do the patent enforcement which is normally in the domain of patentee.</li> </ul>

<b>Section H – Copyright</b>				
Definitions	<ul style="list-style-type: none"> <li>Broadcasting definition in the TPP includes transmission by satellites and transmission of encrypted signals.</li> <li>Indonesia defines broadcasting as transmission that can be received by everyone.</li> </ul>	Definitions of broadcasting in the prevailing Copyright Law have to be amended.	Businesses such as subscribed TV provider will support this definition because their broadcasting will be protected by copyright. <b>The cost of compliance will be moderately low.</b>	<ul style="list-style-type: none"> <li>'Pay TV' service will enjoy copyright protection for its broadcasting.</li> <li>The subscription of 'Pay TV' service will cost more.</li> <li>Decoding a satellite transmission without permission will be considered as an infringement.</li> <li>Restaurant, cafe or similar places will have to pay extra charge for showing commercially sport match such as football game from satellite channel.</li> </ul>
Term of protection	<ul style="list-style-type: none"> <li>TPP provides 70 years protection to all types of work.</li> <li>Indonesia only gives 70 years protection to several categories of work.</li> </ul>	The term of protection in the Copyright Law should be amended.	<b>The cost of compliance will be moderately high.</b> The idea of longer protection is debatable. The process to amend the provisions may face legislative challenges.	<ul style="list-style-type: none"> <li>IP-workers will receive more economic benefit from longer protection.</li> <li>It will delay some works such as books, software, video games and movies to enter public domain.</li> </ul>
Technological Protection Measures (TPMs)	<ul style="list-style-type: none"> <li>TPP provides comprehensive rules on TPMs, including exceptions and limitations.</li> <li>Rules about TPMs in Indonesian Copyright Law are still very simple and do not provide any exceptions for circumventing TPMs.</li> </ul>	Amendment of TPMs provision in the Copyright Law is needed, especially to provide exceptions and limitations in order to avoid excessive protection to TPMs.	<b>The cost will be high.</b> Businesses that use TPMs will oppose broadly drafted exceptions and limitations provision.	<ul style="list-style-type: none"> <li>Users of TPMs such as smartphone manufacturers can no longer keep the exclusivity of their products.</li> <li>It allows interoperability in gadgets such as smartphones and game console.</li> <li>It makes possible circumventing a TPM for using legitimately purchased product.</li> <li>There is exception for circumvention of TPMs for non-profit purposes such as research or education.</li> </ul>
Rights Management Information	<ul style="list-style-type: none"> <li>There is no exception for circumvention of RMI in prevailing Copyright Law.</li> </ul>	Amendment of RMI provision in the Copyright Law is needed.	<b>The cost of compliance will be high.</b> It will require inter-agency cooperation and will reduce free	<ul style="list-style-type: none"> <li>IP-workers will benefit from the rules due to clearer royalty collection rules.</li> <li>It limits access to digital repository in</li> </ul>

	<ul style="list-style-type: none"> <li>• Indonesian Copyright Law includes RMI under moral rights, while the primary function of RMI is to enhance royalty collection.</li> </ul>		access to IP goods.	<p>library. Practices such as copying e-book are not allowed.</p> <ul style="list-style-type: none"> <li>• It will potentially increase the price of IP goods.</li> </ul>
<b>Section I - Enforcement</b>				
Civil and administrative procedures	<ul style="list-style-type: none"> <li>• TPP allows for punitive damages, and encourage the concept of 'statutory damages'.</li> <li>• Indonesia is not familiar with this system.</li> </ul>	Amendments on the enforcement provisions in all IPR-related laws are needed.	<b>The cost of compliance will be high.</b> Indonesia has to allocate resources not only to amend the laws, but also to train judicial authorities to get familiar with 'statutory damages' and additional damages.	<ul style="list-style-type: none"> <li>• Deterring future infringement.</li> <li>• Allowing judicial authorities to give an award that exceeds the actual damage.</li> <li>• Incentivizing a right holder to initiate a complaint in order to get monetary relief.</li> </ul>
<i>Ex officio</i> border measures	<ul style="list-style-type: none"> <li>• TPP requires each Party to adopt <i>ex officio</i> mechanism, where competent authorities are granted power to seize alleged infringing goods without request from right holders or court ruling.</li> <li>• Currently, Indonesia does not have such regulation.</li> </ul>	Law No. 17 of 2006 concerning Customs has to be amended to comply with the TPP.	<b>The cost of compliance will be high.</b> Indonesia will face institutional and practical challenges. It will require inter-agency (Customs, Ministry of Law and Human Rights and Port Authority) cooperation.	<ul style="list-style-type: none"> <li>• The successful implementation will enhance Indonesia IP's protection.</li> <li>• The number of pirated and counterfeited goods entering channel of commerce will be decreased.</li> <li>• It provides customs with more responsibility which can be burdensome because of the sheer number of goods that they have to inspect.</li> </ul>
Criminal procedures and penalties	<ul style="list-style-type: none"> <li>• TPP requires each Party to give its judicial authorities to act upon their own initiative.</li> <li>• In Indonesia, enforcement in copyright and trademark are by complaint in nature.</li> </ul>	Amendments on the enforcement provisions in all IPR-related laws are needed.	<b>The cost of compliance will be moderately high.</b> Indonesia has to enhance the capacity of its judicial authorities in order to meet TPP requirements.	<ul style="list-style-type: none"> <li>• Judicial authorities will be able to exercise its power without complaint from right holders.</li> <li>• Successful implementation will provide better protection for right holders.</li> </ul>
<b>Section J – Internet Service Providers</b>				
'Safe harbours'	<ul style="list-style-type: none"> <li>• TPP provides 'safe harbours' provision to limit the liability of</li> </ul>	Indonesia currently have TRUST+Positive list which can be a	<b>The cost of compliance will be low.</b> Indonesia has adopted	<ul style="list-style-type: none"> <li>• Indonesia will potentially face increasing reports of copyright</li> </ul>

provision	<p>ISP in case of infringement conducted through its services.</p> <ul style="list-style-type: none"> <li>• Indonesia does not have 'safe harbours' provision to limit the liability of ISP.</li> </ul>	starting point for 'safe harbours' regulation.	notice-take down mechanism. This mechanism can be developed to establish the 'safe harbours'.	<p>infringement on the internet because of the notice-takedown mechanism.</p> <ul style="list-style-type: none"> <li>• It will limit the liability of ISP for infringements that are beyond their control.</li> </ul>
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## Introduction

Intellectual Property (IP) protection plays an important role in incentivizing innovation and creativity. This role is well recognized by the TPP agreement that grants ambitious protection in this area. New developments in IP chapters of TPP are likely to pose challenges for Indonesia to comply with. Full compliance with the agreement will pose significant institutional and legislative challenges for Indonesia and may have social and economic impacts for Indonesia.

As a World Trade Organization (WTO) Member, Indonesia has taken necessary measures to comply with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) by enacting IP laws at the domestic level. Between 2000 and 2002, Indonesia introduced a number of laws, namely Law No. 30 of 2000 concerning Trade Secret, Law No. 31 of 2000 concerning Industrial Design, Law No. 13 of 2016 concerning Patent (replacing Law No. 14 of 2001), Law No. 15 of 2001 concerning Trademark and Law No. 28 of 2014 concerning Copyright (replacing Law No. 34 of 2002).

The IP standards set out in the TRIPS agreement have been progressively augmented through FTAs. High income countries are increasingly using trade and investment agreements to pursue more extensive IP protection than set out in the TRIPS Agreement. The US, for example, in its Trade Promotion Authority (in effect between 2002 and 2007) emphasizes the US' IPR negotiating objectives including, among others: (1) the application of existing IPR protection to digital media; (2) negotiation of trade agreements that 'reflect a standard of protection similar to that found in US law'.<sup>1</sup>

US–Jordan, US–Chile, US–Australia, EU-Korea and EU-Colombia-Peru FTAs are examples of some trade agreements which have very high standards of IP protection. In line with these ambitious standards, the TPP contains IP ('TRIPS plus') provisions that go beyond the level protection provided in the TRIPS Agreement.

Indonesia has not been active in negotiating free trade agreements that develop its IP laws. If Indonesia wishes to join TPP, it will require Indonesia to adjust its IP laws and protection.

While Indonesia's economy does not heavily depend on the production and distribution of IP-related products in the way of US or EU economy does,<sup>2</sup> there are some Indonesian local businesses and industries that generate and rely on IP protection. Thus, the primary objective of Indonesia IP regime should ensure that the regime will foster creativity and innovation and promote business and development in Indonesia.

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<sup>1</sup> US Trade Act of 2002, Public Law 107-210, 6 August 2002.

<sup>2</sup> In 2011, Indonesia's imports of IPR goods were estimated at US\$ 16.4 billion, representing 9.2% of total imports, the respective value of exports for the same year was at US\$ 5.8 billion or 2.8% of total exports. See International Business Publication *Indonesia: Investment, Trade Strategy and Agreements Handbook – Strategic Information and Basic Agreements* (2016).

The following sections of this note look at the legal gap between Indonesian IP regime and IP chapter in TPP and what Indonesia should do in order to comply with TPP. They also evaluate the possible implications of agreeing TPP's IP chapter in particular related to public needs such as medicines, agricultural products and education.

## **Section A General Provisions**

### **Objectives and Principles**

The IP chapter of TPP incorporates objectives and principles from the TRIPS Agreement. TPP Parties principally are able to adopt measures necessary to protect public health and nutrition, promote the public interest in sectors of vital importance to their socio-economic and technological development, and prevent the abuse of intellectual rights by right holders. TPP Parties also confirm the objectives of the TRIPS Agreement that the protection and enforcement of IPR should contribute to the promotion of innovation, and to the transfer and dissemination of technology, in a manner conducive to social and economic welfare. As a party to the WTO Agreement on TRIPS, Indonesia has committed to these objectives and principles.

Similar to TRIPS, TPP's IP chapter provides that TPP Parties are free to determine the appropriate method of implementing the provisions of the chapter within their own legal systems and practices. It also confirms TPP Parties' commitment to the Declaration on TRIPS and Public Health.

### **Ratification or accession to certain IP Treaties and Agreements**

TPP requires each Party to ratify or accede to certain intellectual property treaties and agreements, if they are not already a party to the agreement. Indonesia is not a party to four of the nine Agreements listed, namely Madrid Protocol, Budapest Treaty, Singapore Treaty and UPOV 1991. But, the TPP also provides that a TPP Party may satisfy the obligation by ratifying or acceding to either the Madrid Protocol or Singapore Treaty.

The Madrid Protocol, administered by the WIPO, enables a trademark holder to seek protection of the trademark in several countries simultaneously by filing one application with a single office, in one language and by paying single fee. Accession to the Madrid Protocol or Singapore Treaty will reduce the cost of red tape and simplify the processes. Indonesia is expected to ratify the Madrid Protocol as a part of its commitment to the ASEAN Intellectual Property Action Plan 2011-2015 where ASEAN Members have agreed collectively to accede to the Madrid Protocol by 2015 as well as its commitment under the Economic Partnership Agreement with Japan. Indonesia's draft trademark law accommodates the international registration of trademarks and explicitly makes a reference to the Madrid Protocol.

Some domestic IP consultants and lawyers might have resistance to the Madrid Protocol since the system established by the Protocol might reduce their revenues. But, the application of the Protocol will potentially give advantages to Indonesian businesses (particularly SMEs) and trademark holders in terms of management of trademark portfolio and cost-saving. It will also reduce the administrative work of Indonesian Trademark Office (Direktorat Jenderal Kekayaan Intelektual) where they encounter a backlog of applications.

The UPOV has been revised several times and the last one was in 1991. The 1991 Convention provides extensive addition to the 1978 Convention with respect to the exclusive rights enjoyed by the breeders. These exclusive rights apply to propagating and harvested materials. The UPOV 1991 has been criticized by observers that the system favors commercial breeders over farmers and producers. While the controversies of UPOV 1991 should not be overlooked,<sup>3</sup> such analysis is beyond the scope of this note which focuses on the accession obligation under the TPP Agreement.

Some TPP Parties, namely Brunei, Malaysia and New Zealand are not the parties of UPOV 1991. New Zealand, for example, asked for three years of entry into force of TPP to either accede the UPOV 1991 or, alternatively, adopt a plant variety rights system that gives effect to UPOV 1991 (under their own specific approach). While implementing this obligation, New Zealand is able to adopt any measures it deems necessary to protect indigenous plant species in the fulfilment of its domestic obligation under the Treaty of Waitangi.

TRIPS Agreement devotes a single paragraph to plant breeders' rights or plant variety protection where it leaves it to the discretion of each WTO member whether to protect new plant varieties by means of patent or by effective *sui generis* system or by any combination thereof. TRIPS Agreement does not even mention the UPOV Acts.

To be in line with TRIPS, Indonesia has enacted Law No 29/2000 regarding Plant Variety Protection. Indonesia has opted for not granting patent on plants. Although Indonesia is not a party of UPOV 1991, Indonesia Law on Plant Variety Protection is largely mirrored the 1991 Convention, with some modifications.<sup>4</sup> Indonesia can negotiate with other TPP Parties that it has established its own system of protection (UPOV-style *sui generis* law) that gives effect to UPOV 1991.

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<sup>3</sup> Under the UPOV 1991, the farmers' rights to save the seeds and experimentally breed the plants are restricted. While farmers are still able to save the seeds, it is limited to a provision that the legitimate interests of plant breeders should be protected. In other words, such action may require a monetary payment to the plant breeder. Moreover, subsequent varieties that are 'substantially derived' from a protected variety cannot be exploited without explicit permission. The UPOV 1991, however, contains several 'balancing' provisions. It explicitly permits compulsory licensing for public interest. It also provides an exception for acts that are experimental or done on non-commercial basis/privately. Put differently, farmers or public research institutions can breed new varieties (subject to the restriction for essentially derived varieties) to the extent that they are growing the crops not for commercial purpose. See Jay Kesan (Ed) *Agricultural Biotechnology and Intellectual Property: Seeds of Change* (CAB International, 2007), 311.

<sup>4</sup> For example similar to the UPOV 1991, one of the major concerns of Indonesian Plant Variety Law is that the Law does not allow farmers to sell or exchange certified seeds of protected varieties with other farmers.

Budapest Treaty, established in 1971, allows deposits of microorganisms at an international depositary authority to be recognized for the purposes of patent procedure. It also sets out standards and procedures for depositories. The system generates much less controversy than the UPOV system in developing countries. Indonesia is not a party to Budapest Treaty, but the Indonesian Patent Office applies the treaty to the application as it was the signatory. This is based on the Decision of the Minister Justice of 22 October 1991 on the Procedure for Patent Application that recognizes depositary institution as referred to in the Budapest Treaty.

In sum, during the negotiations with other TPP Parties, Indonesia should ask for: (1) the application of *sui generis* laws that give effect to the listed international agreements, alternatively, in the event that point 1 is unsuccessful, (2) a transitional period for the ratification or accession to those agreements. But overall, this obligation should not be a major concern for Indonesia. These international agreements are either in the pipeline (in term of the accession plan) or have been reflected in the Indonesian domestic laws.

### **Transparency**

TPP requires an increased transparency of IP rules and rights in TPP regions. TPP Parties will endeavor to make available their laws, regulations, procedures and decisions online. In Indonesia, there are dedicated websites maintained by government agencies related to IP such as [www.dgip.go.id](http://www.dgip.go.id), [www.kemenkumham.go.id](http://www.kemenkumham.go.id), [www.pvtpp.setjen.pertanian.go.id](http://www.pvtpp.setjen.pertanian.go.id), but a more regular update of the contents are needed to comply with the TPP requirement. Another improvement that can be made is providing an English page in the website. The transparency does not pose any particular challenge for Indonesia in terms of compliance, but it would help Indonesian businesses and traders to obtain information easier and know how to protect and enforce their rights.

## **Section B Cooperation**

TPP encourages TPP Parties to cooperate through appropriate coordination, training and exchange of information in areas such as IP policy developments, administration and registration systems, education and awareness, small and medium-sized enterprises, the use of IP for research, innovation and economic growth and implementation of multilateral IP agreements. TPP Parties will endeavor to cooperate among their patent offices to reduce the complexity and costs of granting patents.

TPP also recognizes the importance of cooperation in the area of traditional knowledge associated with genetic resources and genetic resources. While traditional cultural expressions are not mentioned in the scope of cooperation, through a mutual understanding TPP Parties recognize the equitable sharing of benefits that may result from the utilization of traditional knowledge associated with genetic resources. This sharing of benefits is based on contract that reflects mutually agreed terms between users and

providers. TPP also encourages the use of databases or digital libraries containing traditional knowledge associated with genetic resources. The availability of database or digital libraries would be significantly beneficial for Indonesia. Indonesia is known for its biodiversity and rich cultural heritage and has been active participating in the WIPO's initiatives to enhance genetic resources, traditional knowledge and folklore (GRTKF) protection. Importantly, Indonesian government also took a view that the establishment of a national database system for GRTKF to be a necessary step to protect GRTKF.

## **Section C Trademarks**

TPP's IP chapter includes some new developments related to trademarks that go beyond those stipulated under TRIPS Agreement and Indonesian Trademark Law (Law No. 15 of 2001). The following section looks at these areas of development in more detail.

### **Types of Registerable Signs**

TPP provides that TPP Parties will make available protection for sound and will try in their best effort to protect scent. The type of registerable signs provided by TPP appears to be more extensive than those provided by TRIPS agreement. Article 15 of TRIPS Agreement provides that WTO Members may require the signs be visually perceptible. The text of TPP provides otherwise. Article 1 of Indonesia Trademarks Law defines 'marks' as 'a sign in the form of a picture, name, word, letters, figures, composition of colors, or combination of said elements'. Put differently, the marks are those signs that are visually perceptible. To join TPP, Indonesia will need to make an adjustment for the terms of registerable signs, but this will not pose major legal challenges for Indonesia. A draft of the new Indonesian Trademark Law tabled to the Parliament in June 2015<sup>5</sup> has proposed several reforms including the introduction of 'non-conventional' marks such as three-dimensional marks, sounds, scents and holograms. Practically speaking, the major challenge lies on the ability of the examiners in assessing the distinctiveness these non-conventional marks. The trademark registration particularly for scent is still uncommon at present. The introduction of a widely accepted identification system remains to be seen.

### **Well-Known Marks**

Article 6 of Indonesia Trademarks Law provides protection of well-known marks. The application of registration can be refused if the relevant mark has a similarity in its essential part or in its entirety with a well-known mark owned by another party for the same kind of goods or services. This provision is in line with TRIPS which supplement the protection of well-known marks required by Article 6bis of Paris Convention. TRIPS and the TPP also

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<sup>5</sup> <http://peraturan.go.id/ruu-tentang-merek.html>.

require the protection to be extended to goods or services which are not similar to those identified by protected well-known marks.

Article 6(2) of Indonesia Trademarks Law provides that the protection is applicable for the registration of identical or similar marks for dissimilar goods/services, provided that it fulfils certain conditions that will be regulated further by Government Regulations. The presence of government regulations is still lacking at present. However, Indonesian Commercial Court has exercised its jurisdiction on this issue. In *Morgan* case, the Court acknowledged the lack of government regulation regulating the details for well-known trademarks and dissimilar goods and considered this fact as a legal void which had to be filled by turning to Article 16(3) of TRIPS Agreement.<sup>6</sup> In *Audemars Piguet* case, the Court referred to the criteria listed in the explanatory memorandum of Indonesia Trademark Law for the well-known character and to TRIPS Agreement for dissimilar goods issue.<sup>7</sup>

TPP extends similar protection provided for registered well-known marks to unregistered ones. Indonesia follows the first-to-file system which provides protection to those who have registered their marks in Indonesia. Put differently, unregistered marks are not protected by the law. However, the owner of unregistered mark/well-known mark can file suit seeking for the cancelation of the registered mark in Indonesia that has been registered or used in bad faith. Prior to filing suit, the owner of unregistered mark should first file the registration application of its mark with the Trademark Office to demonstrate their good faith. This provision appears to provide a balance between the 'first-to-file' system and the protection of unregistered well-known marks in Indonesia.

During the negotiations, Indonesia can highlight this 'balance' provision. However, it remains to be seen if such domestic 'balance' measure is deemed sufficient to be in line with the TPP. Alternatively, Indonesia needs to make available a special kind of protection for unregistered well-known marks where the first-to-file rule is exempted. Additionally, the implementing government regulations and guidelines on dissimilar goods/services will be helpful and welcomed.

### **Electronic Trademarks System**

TPP Article 18.24 requires TPP Parties to provide electronic trademarks system including a system for electronic application for and maintenance of trademarks and publicly available electronic information. Direct online trademarks application and maintenance can be effective and cost efficient for Indonesian businesses particularly SMEs. The installation of a user friendly system, the socialization to the users and the improvement of internet service in Indonesia are some potential costs incurred in order to comply with this obligation.

DGIPR has developed an e-filing system for trademarks. The system is supported and integrated with the Industrial Property Automation System (IPAS) which belongs to WIPO. The system is a step forward in joining the Madrid Protocol. However, filing trademark

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<sup>6</sup> Commercial Court Central Jakarta No. 09/Merek/2001/PN.Niaga.Jkt.Pst, 12 March 2002.

<sup>7</sup> Commercial Court Central Jakarta No. 06/Merek/2001/PN.Niaga.Jkt.Pst, 27 February 2002.

application manually is still recommended until the e-filing system is proven to work without any technical problems.

### **Term of Protection**

While TRIPS Agreement provides seven years (and renewable) as the term of protection for trademarks, TPP requires the protection term of no less than 10 years. Indonesia Trademark Law has provided 10 years (and extendable) from the filling date. It is compliant with the term of protection required in TPP.

### **Non-Recordal of a Licence**

According to Indonesian Trademark Law Article 43, a license agreement must be recorded at the Directorate General in the General Register of Marks. If the license agreement is not registered, the use of registered mark in Indonesia by a licensee will not be deemed the same as the use in Indonesia of said mark by the owner of the mark. This requirement relates to the possibility of defending the registered mark in the event of a revocation/cancellation action based on non-use allegation. Additionally, in the absence of recordal, the licensee will be unable to bring a law suit against trademark infringement. Recently, the Indonesian Ministry of Law and Human Rights issued the implementing regulation of the recordal requirement under Regulation No. 8 of 2016. Prior to the issuance of this regulation, the trademark owners merely filed their license agreements to obtain official stamp on the document as evidence of good faith.

TPP Article 18.27, however, provides that TPP Parties should not require recordal of trademark licences to establish the validity of the licence, or as a condition for use of a trademark by a licensee to be deemed to constitute use by the holder. Put differently, the failure to record a license should not affect the validity of the agreement or the use of a mark by an unrecorded licensee.

TPP's obligation regarding the non-recordal of a licence will require Indonesia to amend a number of its IP provisions. If Indonesia wishes to retain the recordal of licence rule, it should do for reasons that are not inconsistent with the TPP. For example, nothing in the TPP precludes the parties to apply recordal of licence for the purpose of government's database.

### **Domain Names**

TPP Parties commit to establish a system for the management of its country-code top-level domain names (ccTLD) including an appropriate settlement of disputes procedures in line with the Uniform Domain-Name Dispute-Resolution Policy (UDRP), reliable and accurate databases, and appropriate remedies.

Indonesian government has delegated the function of managing the country's domain name to Indonesia Internet Domain Name Management (PANDI). PANDI acts as the registry operator, and the registration for the top-level domain names '.id' is made through this non-profit organization. PANDI has established a dispute settlement forum called 'Penyelesaian

Perselisihan Nama Domain<sup>8</sup> with the aim of providing an alternative dispute settlement resolution to district court. The forum accommodates several rules such as the Uniform Dispute Resolution Policy of WIPO and the UDRP policy and rules adopted by ICANN.

## **Section E Geographical Indications**

TPP Parties recognize that geographical indications (GIs) may be protected through trademarks or *sui generis* system or other legal means. Put differently, TPP Parties are free to determine any legal means they deem fit to protect their GIs. TPP also stipulates due process standards that TPP Parties should follow when protecting GIs under domestic laws and regulations.

Indonesia's Trademark Law (as well as the draft of new Indonesian Trademark Law) includes the provisions regulating GIs. In 2007, Indonesian government issued the Regulation No. 51/2007 regarding Geographical Indications. This implementing regulation of the prevailing trademark law is seen as introducing a *sui generis* Geographical Indications protection and registration. According to the Government Regulation No.51/2007, GIs protection is based on registration. Numerous agricultural products in Indonesia have been registered under GIs such as coffee, sugar, rice, fruit and honey. Arabica coffee of Kintamani Bali was the first registered GIs product in Indonesia. TPP may require some changes in Indonesian GIs regime. For example, the grounds of GIs application rejection provided by Indonesian government regulation do not encompass yet two points of the grounds of opposition provided by TPP. But as Indonesia's interest of GIs protection is growing, Indonesia will seek to improve its national GIs protection and facilitation even beyond those required by the TPP, thus TPP's GIs section does not pose any significant challenges for Indonesia.

## **Section F Patents and Undisclosed Test or Other Data**

This section looks at TPP's IP section dealing with patents particularly several extended commitments/standards and new developments that go beyond those provided in the TRIPS agreement and Indonesia's Patent Law (Law No. 13 of 2016)<sup>9</sup> which can have impact on Indonesia policy objectives and interests such as health care system, access to medicines and food security.

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<sup>8</sup> See [www.ppnd.id](http://www.ppnd.id).

<sup>9</sup> On 28 August 2016, Indonesian parliament passed Law No. 13 of 2016 concerning Patent. The English version of the text is not yet available.

## Patentable Subject Matter (and Exclusions for Patentable Subject Matter)

The scope of patentability in TPP follows the approach put forward by the TRIPS Agreement, which make patents available for any invention, whether a product or process, in all fields of technology, provided that the invention is new, involves an inventive step and is capable of industrial application.

The second paragraph of Article 18.37 of TPP makes patent available for new uses of a known product, new methods of using a known product, or new processes of using a known product. Some observers have criticized this paragraph as to encourage the ‘evergreening’ practice, a practice where a drug manufacturer makes trivial modifications to the existing product and claims as a new invention. The alleged new invention is used to extend the patentee’s exclusive right over the product and to prevent competition from manufacturers of generic equivalents to that drug.<sup>10</sup>

Indonesia has a robust local generic medicines industry. According to Indonesian Pharmaceutical Market 2014 Update conducted by the Pacific Bridge Medical and a press release by Kalbe Farma on 27 January 2016, nearly 75% of domestic medicine demands are catered by local pharmaceutical firms which provide a wide variety of unbranded and branded off-patent medicaments. The remaining 25%, comprised of imported patented and high technology drugs particularly those in the biotechnology and oncology categories, are fulfilled by foreign companies. Indonesia’s largest drug manufacture, Kalbe Farma, holds 15% of market share, while foreign companies such as Bayer, Pfizer and GlaxoSmithKline altogether hold 8% of market share. As a country that has a robust generic medicine industry, Indonesia has an interest in preventing the ‘evergreening’ practice.

However, it is also important to note that Indonesia is richly endowed by natural resources, diversity and traditional knowledge. ‘New use’ patents could be incentivized the local medicines manufacturers to commence research and development of the biodiversity-based and traditional knowledge-based pharmaceutical products in Indonesia.<sup>11</sup> Dexa Medica, a local private company, for example engages in in-house R&D covering not only modern medicine but also the development of medicines based on Indonesia’s natural resources, biodiversity and traditional medicines.

If joining TPP, Indonesia is required to extend the scope of patentability in its domestic law. This becomes problematic. Indonesia’s new Patent Law, Article 4 states that: (1) ‘new uses’

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<sup>10</sup> Jonathan Darrow in his short article ‘Debunking the “Evergreening” Patents Myth’ states that the evergreening strategy only works if the consumers and doctors favor the new, patented, slightly modified and often more expensive version of the old drug. The original drug which is no longer subject to patent protection is in the public domain. He provided an example of the patent obtained by AstraZeneca on Nexium (esomeprazole), a drug introduced shortly before the AstraZeneca’s patent protection on Prilosec (omeprazole) was almost expired. The two drugs are almost identical in chemical structure and in efficacy and side effects. However, in 2009 the doctors prescribes (and patients consumed) \$7.8 billion worth of the evergreened Nexium rather than Prilosec.

<sup>11</sup> The report produced by UNCTAD provides deeper assessment regarding this issue. See, UNCTAD ‘Development Dimensions of Intellectual Property in Indonesia: Access to Medicines, Transfer of Technology and Competition’, 2011, available online: <[http://unctad.org/en/Docs/diaepcb2011d6\\_en.pdf](http://unctad.org/en/Docs/diaepcb2011d6_en.pdf)>.

of a known product, and (2) new forms of existing compounds that do not result in increased efficacy, are not regarded as 'invention'. To become a TPP member, Indonesia will be required to amend the provisions that are not in line with TPP. In this spirit, Indonesia cannot exclude 'new uses/methods/processes' from patentable subject matter, but it is still able to limit their applicability by setting up a clear standard of inventiveness of 'new uses/methods/processes'. Thus, while 'the exclusion of new uses' provision has to be amended, the latter one (improved efficacy) can be retained.

TPP Article 18.37 sub point 3 provides that TPP Parties can retain their existing flexibility to define the scope of 'invention' and preserve their rights to exclude inventions from patentability in accordance with the TRIPS Agreement. Eligible exclusions are: (1) diagnostic, therapeutic, or surgical methods of treatment in humans or animals; (2) animals and plants, other than microorganisms; and (3) essentially biological processes for the production of plants and animals.

Indonesian new Patent Law (Article 9) provides similar exclusions for patentable subject matter as those stated in TPP. Additionally, Indonesia Patent Law excludes any theory or method in the field of science and mathematics from patentable subject matter.

### **Grace Period**

TPP introduces a 12-month patent grace period prior to the filing date, during which the inventors can disclose their research findings or present them in an academic conference without affecting the invention novelty/inventive step and inventors' ability to obtain patent. Article 6 of the Draft Patent Law stipulates a 'grace period' (6 months for self-disclosure and 12 months for unauthorized disclosure). The grace period for self-disclosure Indonesia is limited to certain circumstances such as use of invention for research and development and display of invention in an official or officially recognized exhibition. Should Indonesia join TPP, it has to adjust its grace period for self-disclosure to 12 months. Other South East Asia countries (except Viet Nam), namely Brunei, Malaysia, Thailand, Philippines and Singapore have provided a 12 month grace period in their domestic Laws. The adjustment will bring the harmonization of the patent grace period in the region. A uniform 12 month grace period will help applicants to avoid potentially costly trap due to the gap created by states having a lesser grace period.

### **Patent Revocation**

TPP lists a number of grounds for patent revocation and that such revocation is done in a manner consistent with Article 5A of the Paris Convention and the TRIPS Agreement. Likewise, there are three primary grounds for patent revocation in Indonesia (Article 130), they are as follows: (1) revocation by operation of law due to failure to pay annual fee (abandonment); (2) revocation at the request of a patent holder; and (3) revocation by virtue of a law suit. They appear to reflect the essence of the revocation grounds provided in the TPP Agreement.

## **Exceptions**

Article 18.40 of TPP is identical with Article 30 of the TRIPS Agreement. Put differently, it corresponds to the limitations and exceptions authority of the TRIPS Agreement, in particular TRIPS Article 30. Both articles allow for limited exceptions to the rights conferred to the patent holder. In the context of pharmaceuticals, the most common exception to the exclusive rights of the patent holder is often referred to as the 'Bolar provision'. This exception has been upheld as conforming with the TRIPS Agreement in a WTO dispute ruling. Indonesian Patent Law states three exceptions: experimental/scientific research use (non-commercial use), prior user, and compulsory licence. Indonesia's draft Patent Law provides the circumstances under which the government may grant compulsory licences. The draft Law also provides that Indonesian government may also grant compulsory licences for the export of patented pharmaceutical products produced in Indonesia to other developing or least developed countries that are in need of those products. Compulsory licences in the past have been focused on servicing domestic needs; WTO 'Paragraph 6 system' entitles WTO Members to grant a special type of compulsory licence permitting the production of medicines exclusively for export to meet the need of other WTO Members.<sup>12</sup>

TPP Article 18.41 confirms TPP Parties' rights and obligations under Article 31 of the TRIPS Agreement regarding compulsory license. TPP also recognizes and reaffirms TPP Parties' commitments to the Declaration on TRIPS and Public Health (TRIPS/health solution). There will no amendment expected as regards exceptions provisions. Indonesia can retain a certain degree of flexibility in its patent law regime.

## **Publication of Patent Applications**

Similar to TPP, Indonesian new Patent Law (Article 46) requires the announcement of patent application 18 months after the filing date or after the priority date if the application is filled with a priority right.

## **Patent Term Adjustment**

The TRIPS Agreement does not require the grant of patent term extension, however countries such as Australia, Japan, South Korea, Singapore, the United States and most of European countries have provided patent term extension in their legislation to compensate for delays beyond the patentee's control in obtaining patent or in obtaining regulatory approvals needed before the products can be marketed.

Patent term adjustment/extension has been included in some US' FTAs such as Korea-US, Peru-US and TPP. TPP introduces two categories of patent term extension, namely: (1) extension owing to delays in processing patent applications at the patent office; and (2) particularly for pharmaceutical patents, extension owing to delays in obtaining marketing or regulatory approval.

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<sup>12</sup> Roger Kampf 'Special Compulsory Licences for Export of Medicines: Key Features of WTO Members' Implementing Legislation', available online: <[https://www.wto.org/english/res\\_e/reser\\_e/ersd201507\\_e.pdf](https://www.wto.org/english/res_e/reser_e/ersd201507_e.pdf)>.

Figure 1: Patent procedure in Indonesia (if granted, the term of patent protection: 20 years from the filing date)

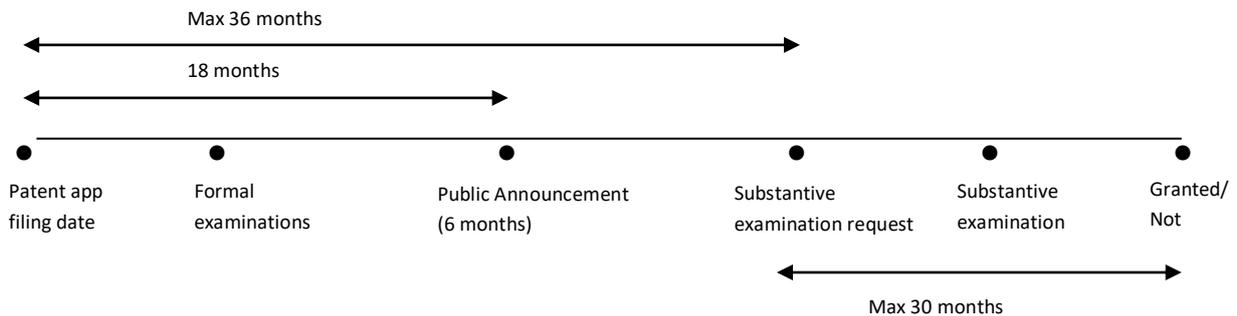
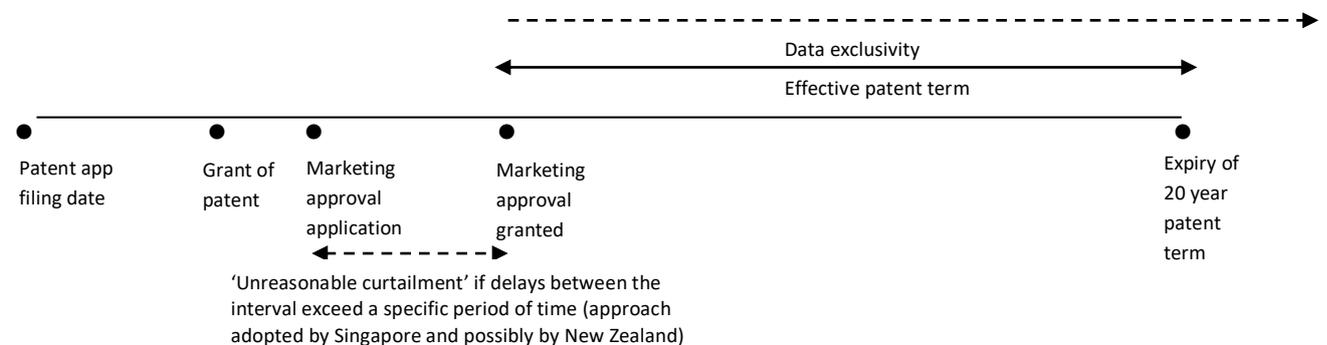


Figure 2: Timeline for products contained patented pharmaceutical substances



As regards patent office delays, TPP requires patent term adjustment is provided if there are 'unreasonable delays' in application processing, more than five years from the filing date or more than three years after a request for examination of an application. The definition of 'unreasonable delays' is straightforward. Nothing in TPP however specifies how long the extension should be given over such patent office delays.

As regards regulatory or marketing approval delays for pharmaceutical products, TPP parties must make available patent term adjustment to compensate the patent owner for 'unreasonable curtailment' or delays in obtaining regulatory/marketing approval. However, TPP provides no definition of 'unreasonable curtailment' nor does it provide any indication to how long the delays must be to merit such extension. TPP is also silent as to how long the adjustment should be given over such marketing approval delays.

Patent term extension is not available in the Indonesian patent regime. Should patent term extension be introduced in Indonesia's domestic law and regulations there will be several potential domestic implications such as delayed access to generic medicines and delayed launch of the products in relatively low-priced in the market. There may also be institutional challenges given the backlog of patent applications and examinations have been a classic recurring problem in many developing countries including Indonesia. So, the objectives of any Indonesian implementing regulations are to improve the performance of relevant authorities, to provide certainty to patent owners and third parties and to minimize the

impacts and costs that might arise because of implementing the 'patent term adjustment' obligation.

Indonesia can look at TPP parties' approach in implementing the TPP's IP chapter particularly if such approach is aimed to enable them to meet their TPP obligations and at the same time to minimize the potential impacts of the changes. The Regulatory Impact Assessment relating to implementation of certain TPP IPR obligations produced by the New Zealand government can be a good reference.<sup>13</sup> Similar to Indonesia, New Zealand is not a net producer of the patented pharmaceuticals. It also relies on the generic version of the patented pharmaceutical, and a delay in generic market entry will likely impose significant costs on the New Zealand's public health system.

New Zealand proposed that patent term extensions are provided for pharmaceutical substances as opposed to pharmaceutical products. Pharmaceutical substance is an active ingredient used for the preparation of pharmaceutical products. Pharmaceutical product is a finished product (tablet, capsule or liquid) that contains a pharmaceutical substance. For example, a patented pharmaceutical substance natalizumab (used for treatment of multiple sclerosis) has a pharmaceutical product brand name, Tysabri.

New Zealand's approach is arguably still in line with TPP provisions because TPP allows TPP parties to provide patent term extensions either for pharmaceutical products, or pharmaceutical substances (see footnote 45). Different pharmaceutical products can contain the same pharmaceutical substance. Thus, the main benefit of this 'pharmaceutical substance' approach is that it is only the actual substance that is eligible for extension. If later patents for products containing the same substance but adding other insubstantial substances (or in a different form), these patents cannot be extended.

As TPP does not provide any definition of 'unreasonable curtailment', New Zealand government proposed to adopt Singapore's approach provided in Rule 51A(7) of the Singapore Patent Rules, which is based on the time taken to process an application for marketing approval. Thus, unreasonable curtailment is deemed to occur if the time period between filling of the application for marketing approval and the grant of approval is more than a specific period. Under this approach, extensions will only be provided for delays directly attributable to the regulatory agency. Put differently, delays caused by the applicants will not be taken into account.

As regards the specific period for unreasonable curtailment, Singapore provides the period by which the interval (period between filling application and the grant of marketing approval) exceeds two years, with a maximum extension of five years. New Zealand, however, proposed longer time periods, a period of three years for small molecule pharmaceuticals and a period of five years for biologic pharmaceuticals due to their complexity. New Zealand's approach is worth considering given the limitations on resources,

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<sup>13</sup> New Zealand Ministry of Business, Innovation and Employment 'Regulatory Impact Statement: Analysis of Options Relating to Implementation of Certain Intellectual Property Obligations under the Trans Pacific Partnership Agreement', available online: <[http://www.parliament.nz/resource/mi-nz/00DBHOH\\_BILL68998\\_1/b40ef7cfa27c396587ea8ef4a6ad2d41b250b65d](http://www.parliament.nz/resource/mi-nz/00DBHOH_BILL68998_1/b40ef7cfa27c396587ea8ef4a6ad2d41b250b65d)>.

capacity and expertise that Indonesian authorities will encounter in processing the application, particularly for a new area of technology such as biological pharmaceuticals. At the same time, capacity building, resources and operational improvement of relevant agencies (such as patent office and drug agency) are needed.

New Zealand also proposed to cap the length of the extension at two years (for pharmaceuticals), meanwhile Singapore and the EU provide for a maximum five year extension. New Zealand referred to Canada's FTA with the EU (Canada is a TPP party) that allows the parties to cap extension at between two and five years. While the time extension cap proposed by New Zealand has been criticized by foreign pharmaceutical companies, this approach can minimize the impact of term extension. Indonesia may want to 'wait and see' whether or not New Zealand's approach is acceptable to other TPP signatory parties.

### **Data Exclusivity: Biologics, New Pharmaceutical Products and Agricultural Chemicals**

Data exclusivity prevents manufactures of the same or similar products from referencing or using the data of innovator submitted for marketing approval for specified period of time. Thus, generic manufactures, for example, have to wait before they can use the data provided by the innovator of a new pharmaceutical product to progress the approval of their own generic product. If the length of data exclusivity is too long, the entry of generics to the market is likely to be delayed.

Article 39.3 of the TRIPS Agreement requires WTO Members to provide protection against unfair commercial use and disclosure of test or other data that were submitted to regulatory authorities for marketing approval purposes.

Indonesia currently does not have any specific law on test data protection. However, Indonesia provides protection on clinical data test under Anti-Monopoly and Unfair Business Competition Law. Thus, any clinical test data submitted to Health Authority, and new agricultural chemical compound data submitted to Department of Agriculture for marketing approval purposes are protected against unfair commercial exploitation. The protection provided by the above-stated Law appears to be in line with the TRIPS Agreement as the Agreement is only requires the protection of clinical test data on new chemical entities against unfair competition and does not require data exclusivity as such.<sup>14</sup>

TPP includes three categories of data exclusivity: (1) agricultural chemical products; (2) pharmaceutical products; and (3) biologics. Data exclusivity is not available under Indonesian Patent Law.

TPP requires TPP Parties to protect undisclosed test or other data about the safety or efficacy of a new agricultural chemical product for 10 years from the date of marketing approval. Agricultural chemicals are chemical agents that are used to control crop-harming organisms (such as fungi, mites, insects and rodents) or viruses (such as diseases and pests), and those used to promote agricultural productivity growth.

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<sup>14</sup> See, UNCTAD 'Development Dimensions of Intellectual Property in Indonesia: Access to Medicines, Transfer of Technology and Competition', 2011, available online: <[http://unctad.org/en/Docs/diaepcb2011d6\\_en.pdf](http://unctad.org/en/Docs/diaepcb2011d6_en.pdf)>.

The increasing demand of agricultural chemical products can lead to the need to have a robust agrochemical industry and agricultural research that support government's agricultural policy and productivity growth. Government needs to access the impacts of data exclusivity provision on agricultural chemical products to its agricultural, agribusiness and research.

TPP requires TPP Parties to provide five years data exclusivity from the date marketing approval granted to new pharmaceutical products (as defined in Article 18.52), three years with respect to new clinical information submitted for a new formulation, indication or form of previously approved pharmaceutical products.

As regards biologics, TPP Parties can provide effective market protection to undisclosed data for either five years or eight years following the first market approval for a new pharmaceutical product that is or contains a biologic. Biologics are medicines made using certain types of cells to produce the right kind of protein (e.g insulin). Biologics have become the fastest growing class of therapeutic compounds that are widely accepted as the most effective means of treating certain disease such as cancer and arthritis. The generic versions of biologics are known as 'biosimilars'. Biosimilars can help to reduce the costs of several expensive biologics on the market.

If Indonesia wishes to join TPP, Indonesia will be required to introduce data exclusivity of these three categories in its IP Law. From the perspective of public health and access to medicine, delayed market entry of generic competitors is likely to delay the decrease of drug prices.

As stated previously, a WTO case law has recognized the existence of regulatory review exception, also known as the Bolar exception.<sup>15</sup> This type of exception is aimed to address the question of acts pursued by generic manufacturers related to seeking the marketing approval of generic equivalents of patented medicines before the expiry of the patent, in order to enable generic competition to start as early as possible after the end of the patent term. The exception remains available under the TPP regulatory review exception.

In Indonesia, the regulatory review exception was stipulated in Article 135(b) of Indonesia's old Patent Law. The Ministry of Health Regulation No. 1010/2008 also allows local manufacturers to apply for marketing authorization of a generic version of a patented drug up to two years prior to the expiry of patent protection. Indonesia's new Patent Law extends the time period for Bolar Provision from 2 years to 5 years and excludes it from civil and criminal actions.

### **Patent Linkage**

Article 15.53 of TPP requires TPP Parties to provide a system that allows a patent holder to be notified prior to the marketing of the generic version of their patented pharmaceutical

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<sup>15</sup> The regulatory review exception was upheld by the WTO panel in *Canada – Patent Protection for Pharmaceutical Products* stating that the exemption provision falls within the exception envisaged under Article 30 of the TRIPS Agreement.

product. The system is also known as 'patent linkage'. TPP Parties are also required to ensure that there is adequate time and opportunity for such a patent holder to seek preliminary injunction or provisional measures to resolve the dispute prior to the marketing of an allegedly infringing product. Patent linkage models adopted by some countries generally refers to a system where the generic marketing approval is linked to the status of the patent of the originator product. Consequently, the marketing approval will not be granted to a generic that would infringe an existing patent.

Patent linkage has been criticized as not only creating delays of marketing approval of generic drugs but also as requiring the marketing approval agency to do the patent enforcement which is normally not within their domain (regulatory approval based on drugs safety and efficiency, not investigating patent infringement or validity). Patent linkage may undermine the Bolar exception because while the generic producers can apply for regulatory approval, patent linkage process can prevent approval during the term of the original patent. For this reason, the European Union resists the concept of patent linkage.

Patent linkage system is not available in Indonesia. Joining TPP, Indonesia will be required to establish a system that enables a pharmaceutical patent holder to be notified that a generic version of their product has been submitted to Indonesian health agency to obtain marketing approval. However, TPP does not require a TPP Party to follow the patent linkage model/system found in other TPP Parties (the US 'orange book' system, for example). Thus, Indonesia will still be able to limit the application of patent linkage. For example, while Indonesian regulatory authorities have to give notice to the patent owner about generic applicants, they will not be required to bar the approval of generic or to prevent the generic competitors to place the product on the market until the patent expires. Moreover, regulatory authorities will not resolve the patent dispute which will remain the jurisdiction of Indonesian Court. Indonesia can also limit patent linkage to the approval of drugs based on patent on the identical compensation that was first approved (and not linked to a patent on a new use/method/process of the drug).<sup>16</sup> Generic producers also have an opportunity to challenge the patent validity or infringement claims brought by the patent owner.

## **Section G**

### **Industrial Design**

TPP Parties confirm their commitments to provide adequate and effective protection of industrial designs. They also confirm that the protection of the design, where appropriate, is available to the parts of an article. The TPP provision regarding industrial design is subject to the Articles 25 and 26 of the TRIPS Agreement. TPP Parties also commit to improve the quality and efficiency of industrial design registration system and to facilitate the process of cross-border acquisition of rights including 'giving due consideration' to ratifying or acceding to the Geneva Act of the Hague Agreement concerning International Registration of Industrial Designs.

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<sup>16</sup> | Glen Cohen *The Globalization of Health Care: Legal and Ethical Issues* (Oxford University Press, 2013).

Indonesia's prevailing law and regulation related to industrial design is Law No. 31/2000 and Government Regulation No. 1/2005 on the implementation of Law No. 31/2000. The protection of industrial design in Indonesia can be requested for certain categories: (1) a product (a whole creation applied in a product as one industrial design); (2) partial design (some parts of creation applied in a product as one industrial design); (3) set of products (several products or industrial designs that constitute a unity of an industrial design or that have a same class).

The number of industrial design application in Indonesia is significant (second after trademarks). This also means that industrial design protection provided by the Law is obtained and utilised by Indonesian national stakeholders. Overall, Indonesia's domestic law regarding industrial designs is consistent with TPP's provisions. But as a non-member to the Geneva Act, Indonesia will be encouraged by TPP Parties to give due consideration to ratifying the agreement.

## Section H Copyright

In 2014, Indonesia promulgated its third Copyright Law (Law No. 28 of 2014), which is the prevailing law today. The Law incorporates current issues such as technological protection measures. The copyright section in the TPP refers to several international treaties. TPP Parties are not required to ratify these treaties, but should embody them in their law. The table below shows Indonesia's position in these international treaties.

International Treaties	Ratified by Indonesia	Notes
Berne Convention	Ratified	Ratification: 7 May 1997
Rome Convention (International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations)	No	Indonesian Copyright Law already incorporates issues covered in Rome Convention for broadcasting organizations.
WIPO Performances and Phonograms Treaty (WPPT)	Ratified	Ratification: 15 November 2004 WPPT covers protection for performers and producers of phonograms.
WIPO Copyright Treaty (WCT)	Ratified	Ratification: 5 June 1997

### Definitions

Article 18.57 of the TPP provides different definitions of some terms in copyright compared to Indonesian law. One of the differences is the definition of broadcasting, where TPP

follows definition in the WCT which include transmission by satellite, transmission of encrypted signals. Indonesian Copyright Law Article 1 (15) merely defines broadcasting as an action of transmitting by wireless means to everyone located far away from the source of transmission. These two definitions entail different scope of protection. TPP extends the protection for broadcasting to transmission by satellite and encrypted signals. By way of example, Pay TV service companies in Indonesia such as First Media or Indovision would fall within the scope of protection provided by TPP. While under Indonesian law, protection only given to transmission that can be received by anyone, for example free-over-the-air TV services in Indonesia such as TransTV or TVRI. Indonesia needs to expand its definition of broadcasting, not only to comply with international treaty or the TPP, but also to foster the growth of broadcasting organizations in Indonesia. Media Partners Asia, a media consulting firm estimates the market size of Pay TV in Indonesia stood at USD \$460 million just among the 17 big providers in 2015.<sup>17</sup> Pay TV services need copyright protection to protect them against digital piracy or content theft, which will be explained in below sections.

The term 'fixation' in the TPP is defined narrower than the one provided in Indonesia's Copyright Law. TPP defines fixation as embodiment of sounds or of the representations thereof, while Indonesian Copyright Law under Article 1 (13) includes sounds, images, or combination of both in its definition. Other than these two terms, all definitions have similar meanings or even literally the same.

### **Right of Reproduction, Communication to the Public and Distribution**

Articles 18.58–18.60 of the TPP stipulates that each Party should provide to authors, performers and producers of phonograms the exclusive rights to authorize or prohibit reproduction, communication to the public or making the work available to the public. Article 9 of Indonesian Copyright Law provides for similar provisions with the TPP. However, the Law only provides copyright protection to works that have been fixed in material form. This should not be a challenge because the TPP allows its Parties to provide protection only to works that have been fixed in material form.

### **Term of Protection for Copyright and Related Rights**

Article 18.63 of the TPP provides protection for author's life plus 70 years for all works, performances, or phonograms. Other than natural person, the TPP only requires protection to be given for 70 years from the date of first publication. Articles 58-63 of Indonesian Copyright Law regulate the term of protection. The 'author's life plus 70 years' protection is only provided for, among others, literary works, song and music, choreography works, and art works such as painting or sculpture and batik.

Work outside above categories, such as photography work, video game, cinematography, computer software and translated work are protected for 50 years from the first publication. The applied arts work is protected for 25 years from their first publication. Performers and producers of phonogram enjoy their economic rights for 50 years from the

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<sup>17</sup> Khoirul Amin, 'Pay TV Market Too Crowded, Operators Say', *The Jakarta Post*, 22 January 2015, available at: <http://www.thejakartapost.com/news/2015/01/22/pay-tv-market-too-crowded-operators-say.html>

date of fixation, while broadcasting organization enjoy protection for 20 years from the first broadcast.

Many debates have taken place about the implication of longer term protection. Proponents of term extension argued that human life expectancy is getting longer, therefore the protection should be longer because copyright, just like other kinds of property, can be inherited. There is also an argument that longer protection can trigger innovation. Longer protection will prevent future works to reuse or recycle the old works. Additionally, longer term protection can arguably keep copyrighted work from being devalued, because once a work falls into public domain, people tend to recycle the work with lower quality.

The opponents of longer term protection argued that copyrighted works usually have intermediary nature. For example, a computer software is needed to develop a digital system, or a book is an important element of education. Another argument is that copyrighted works are sold the most in the first few years of its publication. Thus, unreasonably long period of protection gives very small benefits to the right holder at the cost of society at large.

Currently Indonesia applies 70 years protection for certain categories of works such as books, songs, music and paintings. Joining the TPP means that Indonesia needs to amend its Copyright law to extend its copyright protection to 70 years for all types of work. Longer copyright protection will delay several types of work to fall into public domain. In practice, works such as computer software, movies, translated works and video game will enjoy longer duration of protection. The delay may present challenges to Indonesia to provide access to knowledge for its people.

### **Limitations and Exceptions and Balance in Copyright and Related Rights Systems**

Articles 18.65 and 18.66 provide a room for policy space so that TPP parties can balance its copyright systems (known as 'fair use' in the United States). The TPP mirrors the language of Berne Convention and the TRIPS Agreement by incorporating the 'three-step test' of fair use. The provision confines the applicability of limitations and exceptions to special cases that do not conflict with normal exploitation of work and do not unreasonably prejudice the legitimate interests of the author/right-holder. It allows exceptions for legitimate purposes such as news reporting, teaching, research, education, facilitating access to blind and disabled people and other non-profit purposes. Indonesian Copyright Law under Articles 26 and 43-51 reflects the intention of the TPP. It essentially allows for making a copy of a work as long as it is used for non-profit activities.

Copyright gives the right holders monopoly to their works which sometimes may collide with society's interests. Provisions on limitations and exceptions are useful as providing states some degree of flexibility to pursue their policy objective such as enhancing access to knowledge, education and innovation. An example is the case about 'Google Book' between *The Authors Guild Inc., et al. and Google, Inc.*, where Google was sued because displaying parts of copyrighted books in its service. Eventually, the Court found that 'Google Book' service falls within the concept of 'fair use'. This case shows the importance of limitations

and exceptions to balance copyright systems. Indonesia have incorporated several limitations and exceptions provisions in its Copyright Law. Therefore, no amendment is required to join the TPP.

### **Contractual Transfer**

TPP emphasizes the freedom of right holders to transfer their copyright. Indonesian Copyright Law provides for similar provision. However, it is worth noting that the Law establishes that copyright will return to the original holder after 25 years from the date of transfer. Indonesia is one of few countries (including the United States) which adopt this 'returning' principle. According to the Indonesian Director General of IPRs, this provision was added to enhance protection for the authors, performers and producers of phonograms because they tend to enter into a 'not-so-beneficial' contract in their early career. There is no legal gap exist between Indonesian Law and the TPP. However, it is important to clarify to other TPP Parties during the negotiation about the 'returning' principle in Indonesia.

### **Technological Protection Measures (TPMs)**

Technological Protection Measures (TPMs) are technologies used by copyright owners to prevent unauthorized access or copy to their copyrighted materials. An example of TPM is the technology installed in 'Sony PlayStation' game console which only allow users to play video game developed by its own company. Ultimately, the TPMs itself are protected and circumvention of TPMs can be considered as an infringement.

The TPP's provisions about TPMs are similar with those found in the recent United States' FTAs, such as US-Korea FTA. Willfully circumventing TPMs for commercial purpose is subject to civil and criminal remedies under the TPP. Offerings services or distributing devices for TPMs circumvention are also considered as infringement. However, the TPP allows limitations and exceptions, as long as the exceptions do not undermine the adequacy for the protection of TPMs. Exemptions from civil remedies can be applied to non-profit entities such as museums, libraries, archives and educational institutions, given that the conduct is carried out in good faith. Circumventing a TPM does not necessarily infringe someone's copyright. For example 'jailbreaking', a legally purchased device to install legally purchased third-party software, does not constitute copyright infringement. In the recent case between *Nintendo vs PC Box*<sup>18</sup> regarding interoperability of Nintendo game console, the European Court of Justice (ECJ) noted that TPMs should give 'proportional protection', which means TPMs should not prohibit a device or system to be used for legitimate activities.<sup>19</sup>

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<sup>18</sup> Judgment in Case C-355/12 dated 23 January 2014. Nintendo claims 'mod chips' developed by PC Box and others is a violation of TPMs provision under Italian Law. Nintendo sells game console which can only play games developed by Nintendo undertakings. PC Box sells a device called 'mod chips'. One of the functions of 'mod chips' is to allow third-party game, including music and video to be played in Nintendo's game console. See: <http://curia.europa.eu/juris/document/document.jsf?docid=146686&doclang=EN>

<sup>19</sup> ECJ issued a directive which appears to be favorable for PC Box, but leave the final decision to the domestic court. Ultimately, Italian Domestic Court ruled in favor of Nintendo not on the ground that TPMs circumvention is a violation, but because Nintendo filed expert report indicating primary use of 'mod chips' is to circumvent TPMs, while PC Box filed nothing to counter this argument.

Indonesia currently only have two simple articles about TPMs. The articles prohibit unauthorized circumvention of TPMs, unless for legitimate purposes such as national security. Indonesia needs to expand its regulations about TPMs, especially the scope of limitations and exceptions for circumvention of TPMs. These two articles are in line with the TPP, but they are not enough to address Indonesia's interests. They give excessive protection to TPMs and prohibit circumvention of TPMs for most of the reasons. Indonesia is not a notable exporter of TPMs. But, many Indonesian businesses and works rely on TPMs. In the simplest way, TPMs are used by Indonesian music and movie industry to prevent piracy. In a more complex way, TPMs are used by Indonesian technological companies such as Pay TV and broadband provider to control users' access. Strong protection on TPMs will positively affect these industries, while detailed limitations and exceptions will provide certain degree of flexibility for the public.

### **Rights Management Information**

Rights Management Information (RMI) is information attached to a work, which identifies the author, terms and conditions of use or other information related to the copyright ownership. In the past, RMI was used to take a form of physical watermark, but now RMI often takes a form of electronic or digital watermark.

Similar to TPMs, the TPP provides for strong protection to RMI and requires each Party to provide civil and criminal remedies for infringement. The TPP prohibits unauthorized removal, alteration or modification of RMI. If a person knows that the RMI of a product have been removed or altered, such person is prohibited to imports, distribute or broadcast the product. Unlike TPMs, limitations and exceptions on RMI are construed narrowly under the TPP, and it only exempts infringer from criminal remedies. Limitations and exceptions on RMI are only applicable for non-profit libraries, museums, archives, educational institutions or public non-commercial broadcasting entities.

The definition of RMI in the Indonesian Copyright Law is similar with the one provided in the TPP. It also prohibits modification, removal or alteration of RMI. However, there are no limitations and exceptions under Indonesian Law, even for non-profit entities such as those mentioned in the TPP. In addition, Indonesia's Copyright Law considers RMI as part of moral rights, while RMI is actually essential for protecting the economic interests of the right holders. Overall, there is no conflicting provision between the Indonesian Copyright Law and the TPP about RMI. Indonesia needs to slightly adjust its provision on RMI to address the importance of RMI with regard to the collection of royalty. Artists, musicians, authors, actors and other IP workers will support such adjustment because it will positively impact their economic rights. Indonesia should also expand the scope of limitations and exceptions of RMI to give certain degree of flexibility to non-profit entities to exploit the work on non-commercial purposes.

## **Section I Enforcement**

### **General Obligations**

Article 18.71 of the TPP denotes the spirit of strong IPR enforcement. There are some similarities between the TPP and TRIPS Article 41. The TPP requires its parties to provide expeditious remedies to prevent infringements and to create deterrence effect. However, the TPP also highlights that TPP Parties should take into account the proportionality between the seriousness of infringement and the applicable remedies and penalties. Importantly, the TPP emphasizes that the enforcement applies not only in physical but also in digital environment.

If joining TPP, Indonesia has to commit to these obligations. Indonesia has to ensure that its court systems and procedures for IP are conforming to this provision. The current Indonesia's Copyright and Trademark Laws provide an expeditious procedure. The District Court should issue its ruling within 139 working days (180 working days for patent). An appeal in IP disputes goes directly to the Supreme Court, without involving the High Court like in other non-IP disputes. According to the Trademark and Copyright Laws, the Supreme Court has to issue its ruling within 188 working days (284 working days for patent). As regards remedies, the IP laws have provided different penalties depending on the seriousness of infringement conducted by the infringer.

### **Presumptions**

Article 18.72 of the TPP provides that TPP Parties have to provide for presumption in enforcement for copyright, trademark and patent. For example, in the case of copyright, TPP emphasizes that author of a work is the person whose name is indicated in the usual manner. Article 31 of Indonesian Copyright Law provides that author of a work is the person whose name is displayed in the work, unless proven otherwise.

### **Publication**

TPP requires each Party to publish the final judicial decisions and administrative rulings of IPR enforcement, as well as its effort to provide effective enforcement and statistical data of infringements. Indonesia partly meets this requirement. Judicial decisions and administrative rulings of Indonesian court have been published in the Supreme Court website. The statistical data and effort of enforcement can be found in the Director General of IPR new website which was launched in May 2016. However, many parts in this new website are still under construction.

### **Civil and Administrative Procedures and Remedies**

The TPP sets out comprehensive rules for civil and administrative remedies. Article 18.74.2 of the TPP requires each Party to provide its judicial authorities the power to order injunctive relief and to prevent infringing goods from entering the channels of commerce. Other than injunctive relief, TPP also requires each Party to provide its judicial authorities with the authority to order the infringer to pay the right holder an amount adequate to

compensate right holder's injury. In determining the amount of damages and injuries, Article 18.74.4 mentions that the judicial authorities shall consider, among other things, the legitimate measures of value requested by the right holders including the loss of profit, the value of infringed goods or services measured by market price or the suggested retail price. TPP Parties should also give its judicial authority the power to order the infringer to give the right holder profits obtained from the infringement. These provisions are in line with Indonesian Laws. For example, Article 99(2) of Copyright Law provides that injunctive relieve can include profits obtained by the infringer from infringing activities.

The legal gap in civil and administrative procedures and remedies can be found in the requirement to adopt 'pre-established/statutory damages' or additional damages. Articles 18.74.6 and 18.74.7 require TPP Parties to adopt 'pre-established/statutory damages or additional damages' for copyright and trademark infringement. Such types of damages do not exist in Indonesia's IP Laws at the moment.

'Statutory damages' allows successful plaintiff to request compensation from the infringer before the Court issues the final judgement. 'Statutory damages' are useful to determine damages in cases where the amount of actual injury is impossible or difficult to measure or determine. For example, it is difficult to assess injury in an infringement on digital 'file sharing' site. However, 'statutory damages' are contentious because they can be granted without any proof that the plaintiff suffered any actual harm from the infringement and the defendant profited from the infringement. The amount of the awards, subject to assessment by the Court, is usually extremely high to deter future infringement. There are only few countries who have adopted 'statutory damages' approach such as Singapore, Russian Federation and the United States. Countries with advanced copyright protection such as the Netherlands or France do not even have this approach.<sup>20</sup> While some argue 'statutory damages' is effective to calculate damages in the cases where it is hard to determine the actual injury suffered by the right holder and to deter future infringement in general, others argue that it is excessive as it can go way beyond the value of the infringement itself. The text of TPP leaves it for each party to determine appropriate amount of 'statutory damages'.

Additional damages are punitive or exemplary damages awarded by the Court in certain circumstances. For example, in case of willful infringement, the Court will treble the damages.

At the moment, Indonesia does not recognize the concept of punitive or statutory damages and only allows remedies to compensate actual proven losses. In Indonesian Copyright and Trademark Laws, remedies for damages are capped. Indonesia needs to adopt the 'statutory damages' or additional damages if joining the TPP. Indonesian legislatures have to pay serious attention when amending the laws. The severity application of 'statutory damages' or additional damages will depend on the text of the laws. For example, in the United States the 'statutory damages' can sum up to \$150,000 in case of willful infringement, but can be

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<sup>20</sup> According to Pamela Samuelson, et.al., only 24 out of 177 WIPO Members maintain statutory damages in its law. See Pamela Samuelson, Phil Hill, and Tara Wheatland, 'Statutory Damages: A Rarity in Copyright Laws, but for How Long?', 60 Copyright Journal of USA, September 2013, available at: [https://cyber.law.harvard.edu/people/tfisher/IP/Samuelson\\_SDs\\_2013.pdf](https://cyber.law.harvard.edu/people/tfisher/IP/Samuelson_SDs_2013.pdf)

as low as \$0 in case of unintentional infringement conducted by individual working in non-profit educational institution or library who had reasonable ground to believe that the action was not an infringement. The amended laws should establish clear criteria on how and when to apply 'statutory damages' or additional damages in order to achieve the intended goal of the TPP without being abusive.

The TPP also makes it possible to destroy infringing goods, including the materials used in the process of producing the infringing goods without compensation. Additionally, it states that the removal of the infringing trademark affixed to the products is insufficient to permit the release of the goods into the channels of commerce. The right holder may also request the court to order the infringer to disclose all relevant information including the identity of third parties alleged to be involved in the production and distribution of the infringing goods. Finally, the TPP emphasizes that civil and administrative procedures and remedies are also applicable to digital environment.

In general, civil and administrative procedures and remedies in TPP seek to strengthen the IP enforcement and create a deterrence effect. A number of TPP provisions state that TPP Parties have to provide compensation in civil remedies that it deems appropriate to deter future infringement.

Indonesia will potentially encounter institutional and practical challenges to bring its civil remedies regulations to comply with the TPP. Indonesia needs to amend the enforcement provisions in its current IP laws to fulfill the requirement of the TPP. Several obligations such as 'statutory damages' or additional damages, preventing infringing products from entering the channels of commerce and the enforcement of IP rights in the digital environment will have to be added to the domestic laws and regulations. Practically, Indonesia's judicial authorities are not accustomed to these TPP provisions. Indonesian government has to allocate time and resources for capacity building so the judicial authorities can implement the provisions accordingly.

### **Provisional Measures**

Article 18.75 of the TPP provides that each Party has to incorporate provisional measures mechanism in their laws. The provision requires the applicant to submit a reasonable available evidence and security or equivalent assurance to prevent abuse. By doing so, the system aims to prevent misleading report and confiscation of legitimate products. Additionally, each Party's judicial authorities should be given a right to order seizure of suspected infringing goods. Indonesia has similar provisions in its laws as stipulated in Articles 85-88 of Trademark Law and Articles 106-109 of Copyright Law. Indonesian Supreme Court Directives No. 4 and No. 5 of 2012 which regulate the implementation of provisional measures clarify further the implementation mechanism of provisional measures.

### **Border Measures**

There are two issues in the TPP provisions related to border measures that will pose challenges to Indonesia, namely *ex officio* border measures and destruction of infringing

goods. TPP requires each Party to provide its competent authorities the power to initiate border measures against goods under customs control which are destined to be imported, exported or in transit goods without the request from the right holder. The provision in the TPP goes beyond the requirements found in the TRIPS Agreement. TRIPS only provides border measures for goods destined for import, while the application of border measure related to goods destined for export was facultative. Additionally, goods that have been proven to be in infringement may be destroyed by the competent authorities.

Indonesia's current IP Laws do not contain *ex officio* action provision. Introducing *ex officio* action in Indonesia's domestic laws and regulations will present legislative and implementation challenges for Indonesia. It will also require a strategic cooperation and collaboration among Customs (Ministry of Finance), Directorate General for IPR (Ministry of Law and Human Rights) and Port Authority (Ministry of Transportation). In practice, the challenges will be faced by the Customs officials due to a large number of goods that they have to check in the border. In addition, if the Customs is tasked to check all imported goods, this will prolong the dwell time of goods at the ports, which is already an issue in Indonesia. Indonesia should negotiate a transitional period for this provision in order to enhance its competent authorities' capacity and to build an effective/efficient system to effectively enforce the *ex officio* action.

### **Criminal Procedures and Penalties**

Article 18.77 of the TPP establishes a detailed mechanism for criminal procedures and penalties. Indonesia needs to amend its laws in order to comply with the TPP criminal procedures and penalties. Below are some legal gaps between the TPP and Indonesian IP Laws.

Article 18.77.5 of the TPP requires each TPP Party to provide criminal procedures and penalties for aiding and abetting, while Indonesian Copyright Law Articles 112-118 only provides criminal sanctions for the person who conducted the infringement. TPP also allows seizure of suspected infringing goods and related materials used for conducting the infringement, and assets derived from alleged infringing activity. Indonesian IP Laws state that the plaintiff can ask the Court to order seizure of alleged infringing goods and the materials used to produce those goods, but not assets derived from alleged infringing activity. However, this should not pose challenge for Indonesia because the TPP employs the word 'may' and thus make this requirement not mandatory.

TPP also makes it possible for competent authorities to act on their own initiative without official request by the right holder. This is also an area where Indonesia needs to pay attention. In Indonesia, the nature of IPRs enforcement for copyright and trademark is by complaint, meaning the authorities will take action upon a complaint by the right holder. Indonesian Government eventually has given more attention to the IPRs enforcement during the last few years. In 2010, a new Directorate for Investigation and Dispute Settlement was established under the Directorate General of IPRs. However, as noted by Cita Citrawinda – Chairwoman of Indonesian IP Consultant Association, the new Directorate received only 72 complaints between the period of 2011-2012. This number is far from satisfying considering that in reality many infringements can be easily found.

Indonesia has been facing significant challenges in terms of enforcement of IPRs in the field. Joining TPP means extra hard work of government, legislators, police, customs and other law enforcers required in order to meet with TPP obligations.

### **Trade Secrets**

Trade Secrets provisions in the TPP go beyond those provided in Article 39 of the TRIPS Agreement. While TRIPS only require its Members to protect trade secret submitted to the government, TPP calls for a broader scope of protection. TPP prohibits unauthorized and willful access, misappropriation or disclosure of trade secrets, including those that are stored in a computer system. Furthermore, TPP requires its Parties to provide criminal sanction for trade secrets violation.

Indonesia's Trade Secrets Law No. 30 of 2000 has provided criminal remedies for trade secrets violation. Articles 13 and 14 of Indonesia's Trade Secrets Law stipulate that willful disclosure of a trade secret or obtaining a trade secret through illegal means are considered as violation. However, there is no provision in Indonesia's Trade Secrets Law concerning violation through computer means. Indonesia needs to amend its Trade Secrets Law to incorporate this provision.

### **Protection of Encrypted Program-Carrying Satellite and Cable Signals**

TPP requires TPP Parties to prohibit unauthorized manufacturing, assembling, modifying, exporting, selling, leasing or distributing device to decode an encrypted program-carrying satellite signal. Civil and criminal remedies must be available for the violation of this provision.

The Indonesian Minister of Communication and Information has issued the regulation No. 41 of 2012 concerning Management of Broadcasting through Satellite, Cable or Terrestrial. The regulation is primarily concerning the standards of services that a broadcasting agency has to meet. Indonesia needs to broaden the scope of the regulation to enable the protection for the signals transmitted by the broadcasting agency.

### **Government Use of Software**

Article 18.80 of the TPP emphasizes commitment of TPP Parties to use non-infringing computer software. This provision however applies only to central government. Indonesia currently has no regulation regarding government's use of software. Indonesia will need to issue a regulation expressing that the central government have to use non-infringing computer software in order to comply with the TPP. There will be no significant impact for Indonesia if the central government has installed non-infringing software.

## **Section J**

### **Internet Service Providers**

#### **Legal Remedies and Safe Harbours**

TPP dedicates a section to Internet Service Providers (ISPs) to clarify the role of Internet Service Providers in copyright enforcement. It builds upon Section 512 of United States 1998 Digital Millennium Copyright Act (DMCA) and US – Chile FTA on its section related to ISPs. This issue emerged in the United States because on the one side, the copyright holders concern that their rights may be infringed through internet, since internet can rapidly transmit unauthorized copies of a work. This concern led to the ISPs' liability for infringement occurring in their networks. On the other side, the ISPs are reluctant to be held liable for infringement because the actions are often conducted by the users and they are beyond their control.

This section obliges TPP Parties to provide legal remedies for copyright holders and to maintain appropriate 'safe harbours' for the ISPs. In this context, 'safe harbours' is a concept where the law provides limitations and conditions that preclude monetary relief against the ISPs for copyright infringements conducted by the users using their services if the ISPs satisfy the conditions required by the law. However, being in the 'safe harbours' does not necessarily mean that the ISPs cannot be held liable at all.

The ISPs' liability is limited if the infringement is beyond their control. The TPP mentions specific limitations that should be included in each TPP Party's law such as: transmitting, routing or providing connections for material without modification of its content, caching carried out through an automated process, storage at the direction of a user, referring or linking users to an online location by using information location tools.

TPP also requires the ISPs to adopt the 'notice-takedown' mechanism, where the ISPs has to take down a content in its networks upon receiving a notification. TPP countries however apply a non-uniform mechanism. Canada, for example, adopts a 'notice-notice' mechanism where the ISPs will notify the alleged infringer upon obtaining the report of copyright infringement without taking down or restrict access to that content. Canada argues that the 'notice-notice' mechanism preserves freedom of expression and open internet. Canada is allowed to maintain this kind of system in the TPP. Chile also has a different mechanism where the ISPs will take down the content after receiving a court order. Such a mechanism is acknowledged in the US – Chile FTA. The TPP incorporates both approaches adopted by Canada and Chile in Annexes 18 E and 18 F. It allows TPP Parties to adopt Chile's approach, but it only allows Canada to adopt the notice-notice mechanism.

TPP has left it optional for TPP Parties to adopt a 'counter-notices' mechanism. It is a mechanism where an alleged infringer can request to the ISPs to restore the removed content provided that the alleged infringer demonstrates that the content does not infringe any copyright, unless the person who submitted the original 'take-down' notice seeks judicial relief within a reasonable period of time. TPP also requires its Parties to ensure availability of monetary remedies for misrepresentation in 'take down' or 'restore' notice

that causes injury. The ISPs should also provide information identifying the alleged infringer in a timely manner upon the request of the right holder.

Indonesia has two systems of content removal based on Article 8 of the Minister of Communication and Information (Menkominfo) Regulation No. 19 of 2014 concerning the Treatment of Negative Content.<sup>21</sup> The first mechanism is *self-removal* which is done by the Government. In this mechanism, the notification should be submitted to the Ministry of Law and Human Rights (Kemenkumham), and Kemenkumham will carry out the verification. If verified, Kemenkumham will pass the recommendation to Kemenkominfo, and Kemenkominfo will take down the content.<sup>22</sup> These processes do not involve the ISPs at all.

The second mechanism is *access restriction through the ISPs*. An ISP can be held liable if it does not restrict access to the content listed in 'TRUST+Positive'.<sup>23</sup> However, it does not specify what kind of liabilities may arise against the ISP for ignoring this list, and provides no 'safe harbours' for the ISPs. It is important for Indonesia to regulate 'safe harbours' in order to protect both the right holders and the ISP in the digital environment. Otherwise, the Indonesian ISPs will bear the consequences of copyright infringement conducted by the users through their networks.

Indonesian government should build awareness among stakeholders (government officials, right holders and ISPs) about copyright violation on internet. For an illustration purpose, as can be found in the TRUST+Positive list, internet contents that have been taken down in 2015 are 753,497 about pornography, 1,164 about betting and 452 about fraud. Only 48 contents of copyright infringement have been taken down during the same period.

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<sup>21</sup> Negative content in Indonesia consists of 4 categories, namely: pornographic; terrorism, intolerance and radicalism; Illegal investment, illegal foods and medicine, fraud, drugs and betting; and *copyright infringement*.

<sup>22</sup> Processes provided in Joint Regulation between Minister of Law and Human Rights and Minister of Communication and Information No. 14 & 26 of 2015.

<sup>23</sup> TRUST+Positive is an online system established by Indonesian Government to gather reports from right holders or public in general about negative content on internet. ISP in Indonesia is required to update this list periodically and restrict access to sites listed in TRUST+Positive.