

Legal Void in the First to File Principle in the Trademark Registration System in Indonesia and Its Implications for Trademark Ownership Disputes

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ABSTRACT

The trademark registration system in Indonesia adheres to the First to File principle, where rights are granted to the party who first files a trademark registration. However, in practice, this principle creates legal uncertainty and potential injustice, especially when disputes arise between the first registrant and the party who has used the trademark in real commercial practice. This legal vacuum challenges the protection of substantial rights and fairness for legitimate brand users. This study aims to analyze the weaknesses of the First to File system and evaluate whether Indonesian trademark law provides adequate legal mechanisms to resolve ownership disputes fairly. Using a normative legal approach supported by a conceptual framework, the research finds that the current legal system prioritizes administrative certainty over substantive justice. It recommends the adoption of the First to Use principle as a complementary approach to improve fairness in trademark protection. Legal reforms should incorporate the value of actual use in the market to prevent abuse of rights and enhance protection for genuine brand owners.

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Introduction

The trademark registration system in Indonesia is regulated under Law Number 20 of 2016 concerning *Trademarks and Geographical Indications (UUMIG)*, which aims to provide legal protection for registered trademarks and prevent the unauthorized use of similar or identical trademarks by other parties (Gunawan, 2022; Made Dwipayani & Fazriyah, 2021; Sagung Laksmi Dewi et al., 2021). According to Article 1 number 1 of *UUMIG*, a trademark is defined as a sign that may consist of an image, name, word, letter, number, color composition, or a combination thereof, possessing distinguishing power and used in the trade of goods and/or services (Purwaka, 2017). Trademark registration is undertaken to obtain exclusive rights over the use of the trademark, thereby strengthening the legal position of the owner in the marketplace. Article 4 of *UUMIG* emphasizes that registration is a prerequisite for acquiring rights over a trademark, and such registration must be processed through the Directorate General of Intellectual Property (*DJKI*). This process provides stronger legal protection,

including rights to transfer, assign, or license the use of the trademark to other parties (Santoso, 2016).

The principle applied in the trademark registration system in Indonesia is *First to File*, as stipulated in Article 21 of *UUMIG*. This principle asserts that trademark rights are granted to the party who first legally files for registration, regardless of whether other parties may have used the trademark earlier (Kowel, 2017). In other words, the party that registers first obtains exclusive rights, even if they are not the first to use the trademark in the market. Article 21 paragraph (1) of *UUMIG* states that if two or more parties apply to register a similar or identical trademark, the right shall be granted to the party who filed first, regardless of prior use. This principle seeks to provide legal certainty in trademark registration and protection; however, it may result in injustice toward parties who were the first to use the trademark but failed to formally register it (Desmayanti, 2018; Dwisvimiar, 2016; Maasawet, 2017).

The *First to File* principle in trademark law is rooted in a tradition that prioritizes certainty and transparency in granting rights through official registration. Globally, this principle is adopted by many countries with administrative-based registration systems, including Indonesia, as regulated in Law No. 20 of 2016. Under this principle, trademark rights are awarded to the party who registers first, without consideration of prior use. It provides legal certainty and avoids overlapping rights in the marketplace (Jaya, Fasyehhudin, & Naddifah, 2022). In comparison, countries such as the United States and Canada adopt the *First to Use* principle, which grants trademark rights to the party that first uses the trademark in commerce, even if formal registration occurs later. The *First to Use* principle emphasizes actual use in the market as the basis for ownership, and is often considered fairer for those who have genuinely developed and introduced their brand. While *First to File* offers stronger administrative clarity, *First to Use* is viewed as more protective of original brand developers (Lumopa, Suherman, & Haryanto, 2018).

However, the *First to File* principle frequently creates legal gaps or imperfections in its implementation, particularly when the first registrant is not the first user in commercial practice. While the principle is designed to provide certainty and avoid overlapping claims, it often disadvantages those who have used a brand in the market for years but did not register it—only to be later contested by a party that registered it first (Prawreti, 2022). This results in unfairness, especially to users who have invested in building a reputation and consumer trust around an unregistered but established brand. In many cases, early users lack awareness or the resources to register quickly,

ultimately losing rights to those who acted faster in the registration process (Putri, 2021).

This legal vacuum becomes more evident when the rights granted to the registrant override stronger substantive rights arising from prior use. In reality, prior use often contributes more significantly to consumer recognition and brand goodwill. However, under the *First to File* system, early users who lack formal registration can see their rights marginalized or invalidated once another party registers the brand. This demonstrates that the current system prioritizes administrative certainty over equitable protection for rightful brand users.

Legal issues stemming from the *First to File* principle have triggered numerous disputes, where early brand users are forced into lengthy and costly legal battles to assert ownership. While they may file claims based on *First to Use* or pursue cancellation on grounds of bad faith or system abuse, the burden of proof is high and outcomes uncertain (Istiqmalia, 2021). Furthermore, the system enables opportunistic actors to register unused trademarks merely to claim rights over well-known brands, exacerbating injustices toward the original brand owners. Although legal remedies exist, they are often insufficient in delivering justice from both a legal and economic standpoint (Amboro, 2019).

These conflicts illustrate how the *First to File* principle can trigger complex legal disputes around trademark ownership. When rights are granted solely based on registration, early users may feel unfairly treated, despite investing considerable time and effort in building a brand's reputation. Disputes often arise when early users claim legitimacy due to public recognition, while registrants assert legal entitlement through formal processes (Indrawati, 2020). A prominent example is the dispute between Indofood and PZ Cussons over the "Sweet Baby Ray" brand in Indonesia, where PZ Cussons, the initial user, was disadvantaged when Indofood successfully secured registration first, despite the brand already being in use.

In resolving such disputes, Indonesia's legal system faces a key challenge: reconciling the gap between registration and actual use. The administrative process under *DJKI* gives precedence to registration over usage history or *goodwill*. A party seeking cancellation of a trademark must provide strong evidence that the registrant acted in bad faith. This process is often slow, costly, and rarely favors the initial user. Therefore, reform is urgently needed—one that acknowledges the value of prior use and facilitates fairer dispute resolution. Introducing consideration of the *First to Use* principle, or at least allowing proof of prior use in disputes, could promote justice more effectively.

To address the legal vacuum caused by the *First to File* principle, reforms should seek a balance between administrative certainty and the protection of substantive rights of early users. One possible solution is to integrate elements of the *First to Use* principle into the Indonesian legal framework, allowing trademark rights to be granted to those who first used the brand commercially, even if they registered later. This would provide more equitable protection for brand developers while still upholding the importance of registration. Reform may include revising Law No. 20 of 2016 to recognize prior use as valid grounds in trademark disputes. Additionally, dispute resolution mechanisms—both administrative and judicial—should be made more transparent and flexible, enabling easier proof of prior use. Such changes would enhance fairness in the Indonesian trademark system, reduce legal uncertainty, and better protect legitimate brand owners.

Trademarks and Geographical Indications, as governed by the *First to File* principle, grant trademark rights to the party that registers first, regardless of commercial use. Although this ensures administrative clarity, it has led to legal controversies and ownership disputes—particularly when original users lose rights due to a lack of prior registration.

Recent legal studies, including those by Lumopa et al. (2018) and Kamila (2022), highlight the administrative strengths but also the practical injustices of *First to File* systems. Amboro (2019) further notes that Indonesian SMEs often struggle to understand and access trademark registration processes, rendering them vulnerable despite early use. However, these studies have not explicitly analyzed the fairness dimension or proposed reformative frameworks that reconcile administrative certainty with substantive justice—a crucial research gap.

This paper aims to fill that gap by examining the legal vacuum created by the rigid application of the *First to File* principle and advocating the adoption of elements from the *First to Use* system to enhance equity in ownership protection. The novelty of this study lies in its focused analysis of the fairness dilemma within Indonesia's existing legal structure and its proposal of a hybrid model for future trademark registration policy reform. This approach contributes to the evolving discourse on intellectual property law reform in emerging legal systems and supports a more just and inclusive protection framework for trademark users.

Research Method

This research adopts a normative legal research method combined with a conceptual approach, focusing on the analysis of statutory provisions and legal doctrines relevant to trademark registration in Indonesia. The statutory approach is applied to examine Law No. 20 of 2016 concerning *Trademarks*

and Geographical Indications, particularly its stipulations on the *First-to-File* principle. Meanwhile, the conceptual approach is employed to interpret core legal principles such as justice in trademark ownership, the doctrine of *good faith*, and the relationship between use and registration in trademark law.

The method of legal *hermeneutics* is intentionally selected to allow a deeper interpretation of statutory texts within their socio-legal context. This approach enables the researcher to uncover legal inconsistencies and normative gaps that may not be apparent through a purely descriptive analysis, especially regarding the limitations of the *First-to-File* system in protecting unregistered but actively used trademarks.

Data sources include primary legal materials (statutory texts and regulations), secondary materials (journal articles, books, legal commentaries), and tertiary sources (encyclopedias and legal dictionaries). The data were collected using *library research* techniques and analyzed qualitatively through content analysis. Specific emphasis was placed on reviewing case law and notable trademark disputes to illustrate how the *First-to-File* principle operates in practice. Selection criteria for the cases reviewed included the relevance of the dispute to *prior use* versus *first registration*, judicial interpretations of *good faith*, and the impact on SME trademark holders.

To address potential bias in literature selection, materials were chosen based on their academic credibility, relevance to the Indonesian context, and recency (2015–2023), ensuring that both doctrinal and empirical viewpoints were considered in drawing conclusions.

Result and Discussion

Application of the First to File Principle in the Trademark Registration System in Indonesia Based on Law No. 20 of 2016 concerning Trademarks and Geographical Indications

The First-to-File principle in the trademark registration system in Indonesia refers to the granting of trademark rights to the party who first legally submits a trademark registration application to the Directorate General of Intellectual Property (DJKI). Based on this principle, whoever first submits a trademark registration will obtain exclusive rights to the trademark, even though another party may have already used it in trade. This principle aims to provide legal certainty in trademark registration, reduce uncertainty and disputes regarding who has the right to a trademark, and facilitate the administrative process in granting trademark rights. The First-to-File principle is explicitly regulated in Article 21 of Law Number 20 of 2016 concerning Trademarks and Geographical Indications (UUMIG) which

states that if two or more parties submit an application for an identical or similar trademark, then the rights to the trademark will be granted to the party who first submits the registration application, regardless of who first uses it in the market (Krisnamurti, 2021).

Inside the Law No. 20 of 2016 (UUMIG), a trademark is defined as a sign that can be in the form of an image, name, word, letter, number, color arrangement, or a combination of these elements that have distinguishing power and are used in the trading of goods and/or services (Article 1 number 1 UUMIG). Trademark registration in Indonesia is not only an administrative step but also provides exclusive rights to the use of the brand, which protects its owner from unauthorized use by other parties. The First-to-File principle prioritizes the importance of official registration to obtain clear legal protection that is recognized by the state, although in reality, this principle can cause injustice to parties who have used the brand in the market before but have not registered it. In this case, UUMIG prioritizes a transparent and structured registration system to ensure that there is no overlap or claim of rights that is detrimental to other parties who have registered first (Kuasa, 2022).

Article 21 of Law No. 20 of 2016 concerning Trademarks and Geographical Indications (UUMIG) explicitly regulates the granting of rights to trademarks based on the order of first registration, which is the legal basis for the First-to-File principle. This article states that the rights to a trademark are granted to the party who first registers the trademark, even if another party has previously used the trademark in the market. In more detail, Article 21 paragraph (1) of the UUMIG stipulates that: "The rights to a trademark are granted to the applicant who first applies for registration of the relevant trademark." It means that in a situation where two parties claim rights to the same trademark, the rights to the trademark will be granted to the party who first registers with the Directorate General of Intellectual Property (DJKI), regardless of who first uses it in trading activities (Verawati, 2022).

The rules related to trademark registration that support the application of the First to File principle are explained in Article 21 paragraph (2) which regulates the submission of trademark registration applications. The article requires applicants to submit a complete trademark registration application for the appropriate procedures at the DJKI. This registration involves several stages, from an administrative examination to ensure the completeness of the documents, to a substantive examination to ensure that there is no conflict with previously registered trademarks. In addition, there are provisions in Article 25 that regulate the validity period of trademark rights granted after registration which gives the trademark holder exclusive rights to use the

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trademark for a certain period (Kamila, 2022). Thus, the application of the First to File principle requires a clear and orderly procedure, in which the DJKI plays a critical position in ensuring that trademark rights are granted based on the legal registration sequence, as well as protecting trademark owners from misuse of rights by other parties who have not officially registered.

The trademark registration procedure in Indonesia begins with the submission of a registration application to the Directorate General of Intellectual Property (DJKI). The first step is to fill out a registration form containing information about the applicant and the trademark being submitted. The applicant must also include the required documents, such as a power of attorney (if represented by an attorney) and sample images or illustrations of the brand to be registered. After receiving it, DJKI will conduct an administrative examination to ensure that all documents and requirements have been met. If complete, the application will be continued with a substantive examination to ensure that the brand does not conflict with legal provisions, is not identical or confusing with previously registered brands, and meets the distinguishing power requirements set out in Article 1 paragraph (1) of Law No. 20 of 2016. If all the requirements are met, DJKI will then decide to grant the brand rights to the applicant. This process takes several months until the brand certificate is finally issued, which gives the owner exclusive rights to use the brand (Hidyati, 2017).

In the application of the First-to-File principle, DJKI plays an essential role in ensuring that trademark rights are granted to the party who first legally files a trademark registration application. The administrative examination process by DJKI includes verification of the completeness of documents as well as an in-depth substantive examination of the brand's compliance with applicable regulations. DJKI is responsible for ensuring that there is no overlap with registered brands, as well as for delivering legal protection for the party who first files for registration. This principle provides legal certainty for parties who have officially registered a trademark, although in some cases, it can cause injustice to parties who have previously used the trademark but have not registered it (Murjiyanto, 2017).

The First to Use principle, adopted by several other countries such as the United States, focuses on granting trademark rights to the party who first uses it in the market, not just based on the order of registration. In the First to Use system, whoever uses it first in trade activities will be considered the rightful owner of the trademark, even if another party later files for registration. It protects trademark owners who have built a reputation and brand recognition in the market. For example, in the United States, trademark rights are granted to the party who first uses it in trade, which can avoid

losses for parties who have previously introduced their trademarks to the public. A comparison between First-to-File in Indonesia and First to Use shows that the First-to-Use principle pays more attention to the actual use factor in the market, while First-to-File prioritizes administrative registration as the basis for granting rights, which can cause injustice in some cases when the party who first uses the trademark does not register it on time.

The First-to-File principle can have a significant impact on trademark owners who have previously used the trademark in the market but have not registered it. In a trademark registration system that prioritizes this principle, trademark rights are granted to the party who first registers the trademark, even if another party has already used it in trade. It has the potential to harm owners who have previously invested time, resources, and effort in marketing their trademarks, because even though the trademark is already known to consumers, they do not have strong legal rights if another party registers the same trademark first. Brand owners who have used the trademark in the market can only rely on substantial evidence of use to fight the first registrant administratively, which can be a long and costly process.

A common case study is a trademark dispute between a company that has been operating for a long time and has strong brand recognition in the market, but has not registered the trademark, with another party that has registered the same trademark even though it has just begun operating. For example, a local business that has used a trademark consistently for years in a certain area, but has not yet applied for trademark registration. Suddenly, another party who realizes the potential of the trademark registers the same trademark at DJKI. Even if the original owner of the mark has strong evidence of use in the market, under the First-to-File system, the right to the mark is still given to the party who first registered it. In this case, the owner who uses the mark first risks losing control of their mark and even being forced to change the name or face expensive legal disputes.

Take the case of "Lindsey's Cookies" in Indonesia, for example, where a small business owner who had been using the same mark for years had to face a legal dispute after another company registered the mark first despite not having the same market reputation. Even though the original owner of the mark had clear evidence of use of the mark in commerce, they had to go through a complicated legal process to prove that they were the rightful owner of the mark based on prior use. This shows the unfairness of the First-to-File principle, as the party who uses the mark first in the market is not given the protection they deserve. In many cases, it can also stifle innovation and harm brand owners who have worked hard to build their brands but have not registered them due to lack of knowledge or resources.

3.2 Legal Loopholes that Arise in the Application of the First-to-File Principle Related to Trademark Ownership Disputes between the Party Who First Registered and the Party Who Previously Used the Trademark

The legal vacuum in the trademark registration system in Indonesia occurs due to the application of the First to File principle, which prioritizes the order of first registration without considering who first used the trademark in the market. This principle has the potential to cause injustice to parties who have long used the trademark in their trading activities but have not registered it. In this case, the party who first registered the trademark even though they have not used it in the market will obtain the rights to the trademark, while the party who has utilized the trademark in their commercial activities does not have legal rights to the trademark because they have not registered it by administrative procedures. This legal vacuum occurs because there is no adequate mechanism to protect earlier trademark users, who already have rights to the trademark based on actual use in the market.

The First to File principle in the Indonesian trademark registration system explicitly prioritizes the first registrant as the holder of trademark rights, by Article 21 of Law No. 20 of 2016 concerning Trademarks and Geographical Indications (UUMIG). It provides administrative clarity for parties who wish to obtain exclusive rights to a trademark but often ignores the factor of substantial use in the market. The actual use of a brand in the market, although it is strong evidence of the existence and reputation of a brand, does not provide legal recognition of brand rights if the party does not register their brand first. In fact, in many cases, brands that are already widely known by consumers through actual use in the market have significant economic value and are part of a business's goodwill, which should be protected.

The fundamental difference between the actual use of a brand in the market and the submission of a valid brand registration according to the First to File principle creates a legal vacuum. The actual use of a brand reflects consumer recognition and acceptance of the brand, which should be the main basis for granting brand rights. However, in the First to File system, brand rights are granted solely based on the first registration received by the Directorate General of Intellectual Property (DJKI), without considering who used the brand first. The incompleteness of this legal system causes an unfair situation, where legitimate brand owners according to market use and recognition cannot protect their rights, simply because they have not registered their brand according to the established administrative procedures. In other words, even if the party who uses the mark first has a substantially

stronger claim to the mark, they are still in a legally weak position if registration is not the first.

Trademark ownership disputes between the party who first registered the trademark and the party who first used the trademark can arise due to the lack of clarity regarding who should have the rights to the trademark. In the First to File system implemented in Indonesia, trademark rights are granted to the party who first submits a trademark registration application to the Directorate General of Intellectual Property (DJKI), even though another party has previously used the trademark in the market. This can lead to disputes between trademark owners who first used the trademark in commercial activities, but did not register it on time, and the party who submitted the registration application first. The lack of clarity regarding who has the rights to the trademark often leads to legal conflicts involving evidence of use in the market and administrative procedures that do not always protect the trademark owner who first used the trademark.

In Indonesia, the resolution of trademark disputes involving the party who first used the trademark and the party who first registered it can be done through several legal mechanisms. One of them is the appeal procedure that can be carried out by parties who feel aggrieved by the DJKI's decision in granting trademark rights. The party that uses the trademark first can appeal to the Commercial Court if they feel that the DJKI decision does not consider their more legitimate rights based on the use of the trademark in the market. In addition, dispute resolution can also be done through a lawsuit in court, where the party who feels aggrieved can sue the first registrant who does not recognize the legitimate use of the trademark by another party in the market. This lawsuit can include a request to cancel the trademark registration made by the party that registered first, because the party does not have the right to the trademark by the First to Use principle or the use of the trademark that was previously in the market.

Brand owners who use the trademark first in the market but have not registered it by existing regulations often face quite serious impacts due to the ambiguity and unfairness in the trademark registration system based on the First to File principle. Even though they have invested time, energy, and resources to market their products with a certain trademark, they cannot obtain exclusive rights to the trademark if they do not register it first. In a system that prioritizes the order of registration, the party that registers the trademark first, even though they have never used the trademark in the market, will have the right to the trademark legally. As a result, brand owners who have previously used a brand but have not registered it risk losing exclusive rights to their brand, even though the brand is already widely known by consumers. This has the potential to cause injustice, because

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parties who have just registered a brand, even without using the brand in the market, can still get stronger legal protection.

Another disadvantage experienced by brand owners who have not registered is the legal uncertainty that threatens the existence of their business in the market. When another party registers the same or similar brand to the brand that has been used, the brand owner who has previously used it will face the risk of a long legal dispute, high costs, and uncertainty about whether they will be able to defend their rights to the brand. In some cases, business owners who have used a brand for a long time must start a legal fight to prove that they are the rightful owner of the brand based on prior use, although it does not always guarantee their victory. This legal uncertainty can disrupt the stability of their business, reduce the value of the brand that has been built, and can even force them to change the brand name that is already known to consumers, which of course will reduce the competitiveness and reputation of their company in the market.

A party that uses a trademark first, even if it has not been registered first, can try to claim rights to the trademark by submitting evidence of legitimate use in the market. In Indonesia, this evidence of use can include various forms of documentation, such as advertisements, sales invoices, distribution contracts, or consumer testimonials that prove that the trademark has been used in real and continuous use in trade. However, although this evidence can strengthen the claim of trademark rights, in practice, the trademark registration system that prioritizes First to File is often prioritized over evidence of use in the market. For example, if the party that first registers a trademark successfully proves that they are the first legitimate registrant at DJKI, then the rights to the trademark will be granted to them even though they have never used the trademark in the market. Therefore, although the party that uses the trademark first can use evidence of use to prove their claim, they still must fight through legal channels that often require a lot of time and money.

The main weakness of the Indonesian legal system in handling trademark ownership disputes is the inability to fully accommodate trademark rights claims based on legitimate use in the market without considering the order of registration. The trademark registration process that prioritizes who registered first without considering who used the trademark first can cause injustice. In many cases, the party that first used the trademark in the market often has to face complicated legal procedures to prove that they are the legitimate owner of the trademark based on prior use. Although Article 21 of Law No. 20 of 2016 concerning Trademarks and Geographical Indications provides a legal basis for trademark registration based on the first order, this does not provide adequate protection for parties who have long

used the trademark and are better known by consumers. This causes losses for legitimate trademark owners based on use and creates legal uncertainty for them.

The legal process that prioritizes registration also affects the protection of intellectual property rights. Although the trademark registration system provides administrative and legal certainty for the first registrant, this system fails to provide substantial protection for trademark owners who have long operated with the trademark, and who may have built a significant reputation and economic value in the market. In addition, trademark disputes that arise due to the difference between First to File and First to Use often lead to time-consuming and expensive legal processes, which ultimately weaken the protection of the trademark itself. This also hampers innovation and business certainty for business actors, especially for small and medium-sized businesses that may not have sufficient resources to fight legal disputes arising from trademark registrations that do not correspond to market realities.

3.3 Implementable Legal Reforms to Address Injustices Arising from the First-to-File Principle and Improve Protection for Legitimate Trademark Owners in Indonesia

The application of the First principle in the trademark registration system in Indonesia has the potential to be a significant alternative or complement to the current First-to-file principle. The First to Use principle grants trademark rights to the party who first uses it in the market, even though administrative registration is carried out later. If this principle is applied in Indonesia, trademark rights will prioritize actual use in economic and trade activities, providing more substantial protection to trademark owners who have invested in the introduction and development of the trademark in the market. It can reduce the injustice that often occurs when the party who first registers a trademark, but has never used the trademark, has the right to a trademark that has been used by another party.

However, the application of the First to Use principle also presents several challenges in its implementation. One of the biggest challenges is the need to collect sufficiently strong evidence regarding the use of the trademark in the market, which can involve a complicated and time-consuming proof process. In addition, the distinction between legitimate and illegitimate use of a trademark can be a point of contention, which in turn will affect the effectiveness of the system. Although the First to Use principle provides fairer protection for parties who use a trademark first, it can also increase administrative burdens and slow down the registration process and resolution of trademark disputes, because there must be a stricter and clearer verification mechanism regarding evidence of legitimate use.

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Several countries, such as the United States, have adopted the First to Use principle as the basis for granting trademark rights, which allows greater protection for trademark owners who have used a trademark even though the trademark registration is carried out later. European countries also have a similar approach, with some countries recognizing trademark rights based on use even though it has not been registered. In the United States, the U.S. Patent and Trademark Office (USPTO) recognizes a trademark that is used first in the market, even before official registration is conducted as long as the use can be proven. This approach provides legal certainty for trademark owners who use it first while reducing the potential for abuse of rights by parties who only register without any intention of using the trademark. If this principle is applied in Indonesia, it can create a fairer system that better reflects the economic reality in the market. However, for effective implementation, updates are needed in trademark registration regulations and procedures, as well as updates in the way of verifying evidence of trademark use in the market.

Reforms in trademark registration procedures that pay more attention to the actual use of trademarks in the market could be an essential step in creating a fairer and more transparent system. Currently, the trademark registration system in Indonesia prioritizes First to File, which prioritizes the order of registration as the basis for granting trademark rights without considering who used it first in the market. Therefore, one reform that can be introduced is a mechanism that recognizes evidence of use as an important factor in the registration process. In this case, the registration procedure is not only based on the filing date but also on evidence that the trademark has been used in real commercial activities. This evidence of use can be in the form of advertisements, sales transactions, or other evidence that shows that the trademark has been recognized and used by the public in the relevant market. This reform aims to provide fairer protection to parties who have previously used the trademark, even though they have not officially registered it.

To integrate evidence of use as a stronger factor in determining trademark rights, the Directorate General of Intellectual Property (DGIP) needs to adopt a more flexible and responsive approach to such evidence. DGIP could develop a procedure that allows parties who have used a trademark in the market to submit a statement or documentation of legitimate use. In addition, DGIP could also introduce a more efficient verification mechanism for trademark use, such as a market audit or a reporting system that allows for the collection of evidence of use in a more structured manner. Thus, while registration remains an integral part of the system, trademark use would be recognized as an equally important element in determining

trademark rights. In addition, DGIP could also introduce a different category of trademark registration, distinguishing between trademarks that are only registered and trademarks that are already in use in the market, thus creating a system that is more responsive to market dynamics.

Proposed strengthening of the trademark use-proof system could include the creation of a digital platform that makes it easier for trademark owners to report and submit their evidence of use more simply and transparently that can be accessed by all parties involved. DJKI can provide a service that allows registrants to upload digital evidence related to brand use, such as product images, advertising documentation, or transaction evidence that can be tracked in the registration system. This more accessible proof will facilitate legitimate brand users, especially Small and Medium Enterprises (SMEs), who may not have the resources to involve legal services in the registration process. With a more open and efficient procedure, brand owners who have long used brands in the market can more easily defend their rights, while parties who register brands only for administrative purposes cannot take advantage of legal loopholes to claim brand rights that they should not have.

Increasing legal protection for brand owners who use brands first even though they have not registered them is an important step in balancing the interests of first registrants and first users. Mechanisms to protect brand owners who use brands first in the market, for example by granting certain legal rights, can be in the form of legal recognition of the use of the brand in trade even though the brand registration has not been carried out. One way that can be implemented is by introducing rules that recognize the legitimate use of brands in the market as a factor of proof in brand ownership disputes. Brand owners who use the brand first can be given the right to claim exclusive rights to the brand even though another party has registered the brand first. This can reduce the unfairness that arises from the mismatch between the order of registration and use of a brand, and provide more legal certainty for brand owners who have invested in building their brands in the market.

Another proposal is to introduce a dispute resolution mechanism that is more responsive to first users. One of these is a clearer legal regulation regarding the transfer of brand rights from the first registrant to the first user if there is evidence of legitimate and continuous use of the brand. For example, if a brand has been used in real terms by another party for a certain period before registration, then the rights to the brand can be transferred to the party who uses it first, after going through a clear and accountable verification process of use. First users can prove that they have used the brand in market transactions through evidence such as trade contracts,

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evidence of advertising, or letters of reference from relevant third parties. The system will provide fairer protection and respect for the rights of brand owners who have previously used and built the reputation of their brands, even though they are not formally registered.

Improvement of the trademark dispute resolution mechanism in Indonesia is necessary. Currently, trademark dispute resolution often takes a long time and is expensive, which can be difficult for the parties involved, especially Small and Medium Enterprises (SMEs). Therefore, a reform is needed in the trademark dispute resolution system that is faster and fairer, by providing easier access for parties claiming trademark rights based on use in the market. One solution is to strengthen the administrative dispute resolution pathway that is more efficient and lower cost, so that parties involved in the dispute do not have to spend high costs or wait too long to get a decision. Dispute resolution through administrative channels can prioritize a quick resolution without having to go through a long process in court, which of course will reduce the burden on smaller parties and provide legal certainty in a shorter time.

In addition, increasing the competence of commercial courts is also needed to handle trademark disputes involving evidence of use. Commercial courts must be able to interpret and consider relevant evidence of trademark use, such as sales data, use of the trademark on social media, and other documents that show the existence of the trademark in the market. Increasing the capacity of judges to handle more complex trademark disputes, including those involving evidence of use, will expedite dispute resolution and improve justice for legitimate trademark owners.

On the other hand, one of the biggest challenges in the trademark registration system in Indonesia is the lack of understanding and knowledge about the importance of trademark registration among Small and Medium Enterprises (SMEs). Therefore, there needs to be better education and socialization about intellectual property rights, especially regarding the importance of trademark registration as a step to protect their brands. Plans to facilitate access to trademark registration for SMEs can include the establishment of more accessible information services, simpler registration procedures, and more affordable costs for SMEs. In addition, the government can provide incentives or subsidies for trademark registration for SMEs to get better legal protection without feeling burdened by high registration fees. With better legal protection, SMEs can feel safer to innovate and compete in the market without fear of losing the rights to the brands they have built.

Improved coordination between related institutions is essential to ensure effective protection for legitimate trademark owners. Institutions, such as DJKI, commercial courts, and mediation institutions, should work

closely together in handling trademark disputes. One suggestion that can be made is to establish a mediation forum or mediation mechanism involving an independent third party to resolve trademark disputes more quickly and at a more affordable cost. This mediation can be an initial step before the dispute case is brought to court, and can provide a more flexible solution for both parties involved. With a more coordinated system, trademark dispute resolution will be more efficient and effective, and provide better protection for intellectual property rights in Indonesia.

Conclusion

In conclusion, the implementation of the *First-to-File* principle in Indonesia's trademark registration system has led to injustices, particularly for parties who have used a trademark in the market without formally registering it. While this principle ensures legal certainty based on the order of registration, it often overlooks the rights of those who have made prior use of a mark. This creates a gap between *de facto* ownership and legal recognition, disproportionately affecting small and medium enterprises (*SMEs*) that may lack the resources for early registration.

The resulting legal vacuum raises concerns about the equitable protection of intellectual property rights. A reform is therefore necessary—one that integrates recognition of legitimate market use into the trademark registration system. Adopting a *First-to-Use* approach, either as a complement or an alternative to the current system, would offer fairer protection for prior users while preserving legal certainty.

In addition, strengthening dispute resolution mechanisms is essential. This includes enhancing administrative procedures and improving the capability of commercial courts to assess evidence of trademark use. Public awareness and education efforts—particularly targeting *SMEs*—should be expanded to emphasize the importance of early registration. Simplifying procedures and reducing registration costs would also increase accessibility and compliance.

Lastly, stronger inter-agency coordination among the Directorate General of Intellectual Property (*DJKI*), commercial courts, and mediation bodies is crucial. It would streamline dispute resolution and improve legal protection for rightful trademark owners across Indonesia.

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