

Report Q203

in the name of the Indonesian Group

Damages for infringement, counterfeiting and piracy of Trademarks

Questions

1) The state of the substantive law in the countries

- 1) *The Groups are invited to indicate, in summary form, if their national law distinguishes between different kinds of infringement, counterfeiting and piracy of trademarks and what the conditions are for liability for those different kinds of infringement, counterfeiting and piracy.*
Depends on the degree of infringing.
The Groups are also invited to indicate if these various forms of the violation of trademark rights have an impact on the monetary compensation to be provided to the trademark owner.
- 2) *The Groups are asked to present in a summarised form the legal theories in their respective jurisdictions for the assessment of damages for the violation of trademark rights.*
Is this assessment based on the ground of civil liability or on the ground of violation of property ownership or some other ground(s)?
Only for criminal proceedings.
- 3) *The Groups are asked to indicate what factors are taken into account in the assessment of damages and how the value of the trademark is used in this assessment.*
 - a) *Do the Courts take into consideration how strong the trademark is, both in terms of its inherent distinctiveness and popularity acquired through use and publicity?*
Yes.
 - b) *Do the Courts take into consideration the investment made by the trademark owner in order to make the trade mark known?*
Yes.
 - c) *Do the Courts consider what direct effect the infringing activity has had on the trademark proprietors profitability? If so, how?*
Lost of Sale.
 - d) *Do the Courts take into account price erosion? If so, how?*
No.
 - e) *Do the Courts distinguish between actual lost sales (i.e; the sales which would otherwise have been made by the trademark owner) and all sales made by the infringer? If so, which sales matter?*
Loss of Sale Trademark owner.

- f) *Do the Courts treat parallel imports differently? If so, what is the legal basis for this differentiation?*
 No.
- 4) *In case the compensation is evaluated on the basis of lost profits of the trademark owner or an account of the profits arising from infringement:*
- a) *What are the key principles?*
 Paid on the evidence of proof.
- b) *How are the profits defined and how are they calculated?*
 Less of sale.
- c) *What shares of the profits are attributed to the trademark owner and any licensees?*
 Based on the license agreement.
- d) *Does the strength of the trademark come into play in apportioning the profits?*
 Based on evidence of less of profits.
- 5) *In case the monetary compensation is assessed on basis of a royalty,*
- a) *How is the royalty rate fixed?*
- b) *Do the Courts consider whether the mark in question is one which is or was available for licence? If so, how does this affect their analysis?*
 No.
- 6) *The Groups are asked to summarise what information in relation to the unlawful activities causing the violation of the trademark can be obtained by the trademark owner in administrative or judicial proceedings in order to assess the level of monetary compensation.*
- 7) *One of the forms of the prejudice suffered by the trademark owner through the infringement is the damage to the trademark in a reputational sense (diluting exclusivity). The Groups are invited to report if this form of prejudice is considered by the Courts and what are the factors that are used in their evaluation?*
- 8) *The Groups are also asked to indicate if the moral/wilful element of the violation of a trademark right, and particularly the will to profit or gain from counterfeit activities (where the goods do not originate from the trademark proprietor or are not marked with his consent) is taken into consideration in the evaluation of the damages and/or the account of profits. If so, what are the consequences?*
 Yes.
The Groups are also asked to indicate if ignorance of the trademark and/or ignorance of the infringement is taken into consideration in the evaluation of damages or the account of the profits.
Finally, is the scale of the counterfeiting or piracy an additional element which influences the assessment of damages and/or account of the profits? If so, what are the consequences?
 Yes, less of profit consideration.
- 9) *Is the evaluation of damages based on the same principles in cases where the infringement also constitutes a violation of a contractual obligation, for example, a violation of a licence?*

10) *The Groups are also invited to explain the problems and practical difficulties that the trademark owners face in the assessment of the damages and/or account of the profits for the violation of trademark rights?*

11) *In some cases the national law may provide, as a remedy for the violation of the trademark right, for the confiscation of the products bearing the illicit sign.*

Yes.

If this applies in their national law, the Groups are asked to indicate, if this confiscation influences the evaluation of the damages.

12) *The Groups are asked to indicate if the jurisprudence in their countries is a useful source of information and comparison on the assessment of monetary compensation for the violation of the trademark rights.*

In this context, the Groups are invited to indicate if they are satisfied with the degree of certainty in their laws on evaluation of the compensation.

Problem in the implementation.

13) *The Groups are finally asked to explain any other issues related to the topic which would appear useful in the examination of the question.*

None / In the court proceeding.

II) Proposals for the future harmonisation

1) *The Groups are requested to indicate if the evaluation of damages for violation of the trademark rights should be the subject of the international harmonisation and if this harmonisation should be undertaken through an international treaty.*

2) *The Groups are requested to indicate what should be, based on their national experience, the harmonised system for the evaluation of damages for violation of the trademark rights.*

3) *The Groups are invited to make any other suggestions about possible future developments of the present question.*

Not yet.