JOURNAL OF WORLD SCIENCE
https://jws.rivierapublishing.id/index.php/jws
Volume 4 No. 12 December 2025
P-ISSN: 2828-8726
E-ISSN: 2828-9307

Legal Certainty and Justice in Trademark Protection: A Comparative Analysis of the First-to-File System in Indonesia and the First-to-Use System in Malaysia

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ABSTRACT
This article examines the gap between *das sein*—the law as it operates in practice—and *das sollen*—the law as it ought to function—in the protection of trademarks in Indonesia and Malaysia, with particular emphasis on the legal treatment of well-known marks. By comparing Indonesia's first-to-file framework to Malaysia's first-to-use approach, this study highlights how Indonesia's emphasis on strict registration creates certainty at the normative level but often fails to deliver substantive fairness in practice. In Indonesia, the reliance on registration as the sole basis for rights has resulted in recurring disputes involving well-known marks, such as *Pierre Cardin* and *Starbucks*, where opportunistic filings expose the limitations of the existing safeguards. Although statutory provisions prohibit bad-faith registration, practical enforcement remains inconsistent, leaving owners of established and globally recognized brands vulnerable. Malaysia, meanwhile, offers a more balanced structure by allowing prior use to take precedence over mere formal registration. This approach strengthens the position of rightful owners—especially proprietors of well-known marks whose reputation often precedes administrative filings—and equips them with legal avenues such as opposition proceedings, revocation, and passing off. The comparison reveals that Indonesia's current regime still falls short of harmonizing legal certainty with fairness, as the protection afforded to well-known marks remains constrained by procedural rigidity. Enhancing the role of good-faith principles and formally recognizing prior use would bridge the gap between *das sein* and *das sollen* and foster a more just and reliable trademark system for both domestic and international stakeholders.

Keyword: Das Sein, Das Sollen, Legal Certainty, First-to-File, First-to-Use

INTRODUCTION

Trademarks play a very important role in today's global economy (Wang & Li, 2021; Patel & Sharma, 2020). A brand is not just a symbol that helps consumers recognize goods and services but also a valuable asset that provides reputation, trust, and a competitive advantage for business actors (Nguyen & Pham, 2019; Chen & Zhang, 2021). For consumers, a brand serves as a guarantee of product authenticity and quality, while for companies, a brand is part of high-value intellectual property (Ng, 2020; Tan & Tan, 2022). Malaysia was chosen as a comparator country because it has similar economic proximity and legal framework within the scope of ASEAN but applies a different approach in the determination of trademark rights (Ali & Tan, 2021). The combination of the common law system that prioritizes previous use provides a relevant contrast for Indonesia, which adheres to the first-to-file system (Lim & Yip, 2019). These differences are important to understand how protection—particularly against well-known brands—can be implemented more fairly and effectively, while assessing possible adjustments to the Indonesian legal system (Ramli & Suhardi, 2020).

Strong legal protection of trademarks is important to maintain healthy business competition and increase public trust (Zhang & Li, 2021; Patel et al., 2020). However, each country has a different system for determining who is entitled to a trademark (Lim & Yip, 2020; Lee et al., 2019). In the legal traditions existing worldwide—establishing common law

and civil law—the two main systems used are first-to-file in civil law and first-to-use in common law (Sari & Tan, 2020; McDonald & Wibowo, 2021). In a first-to-file system, the right to a trademark is granted to the party who first applies for registration legally, regardless of whether the other party has previously used the trademark in commerce (Nguyen & Pham, 2019; Rahardjo, 2022). This principle emphasizes the importance of legal certainty and formal administration in obtaining trademark rights (Singh et al., 2020; Hwang & Choi, 2021).

In contrast, the first-to-use system gives priority to the first-time use of the trademark in real business activities, even if the registration is done afterwards (Sharma & Gupta, 2020; Zhao et al., 2019). This difference in legal views reflects the conflict between legal certainty and the protection of users' rights (Nguyen et al., 2021; Lee & Yip, 2020). In its implementation, Indonesia applies the principle of first-to-file, which is written in Article 3 of Law Number 20 of 2016 concerning Trademarks and Geographical Indications, explicitly stating that trademark rights are only obtained after registration (Rahardjo, 2022; Tjahjono & Salim, 2020). The spirit and implications of this system provide certainty and clarity regarding ownership, but in practice, it also raises problems such as trademark squatting (Li & Li, 2021; Chen & Tan, 2022).

This approach provides fairer protection for early users, especially in the context of international trade, as can be seen from a number of case precedents that confirm the importance of the *good faith* principle in trademar(Jack-Osimiri, 2025)k registration (Kim, 2012; Sopyan, 2021). For example, the practice of bad faith emerged in the case of Pierre Cardin in Indonesia, where certain parties attempted to register a well-known trademark already used by the original owner abroad without the intention of using it substantively. The case shows that enforcing the principle of *good faith* plays an important role in preventing the abuse of trademark rights and ensuring fairer legal protection for legitimate trademark owners .

In contrast, although Malaysia adheres to a *first-to-file* system in principle, the provisions of the Trademarks Act 2019 provide strong legal protections for *first-to-use* parties, creating a balance between legal certainty and justice. In this system, parties who can prove the real use of a trademark in commerce have priority, even if they are not the first party to register it. This approach provides fairer protection for those who use the trademark first, especially in international trade where reputation is often built even before registration. However, this system also faces obstacles, particularly in evidentiary aspects. Users claiming early use must show sufficiently strong and convincing evidence, which often requires significant time, cost, and a complex administrative process. This is why the application of the *first-to-use* principle in Malaysia, though seemingly fairer, still faces its own implementation challenges.

The differences between Indonesia and Malaysia provide interesting comparative material in the context of trademark protection. The *first-to-file* system in Indonesia guarantees legal certainty because trademark rights are granted to the party who registers first. However, this system often causes injustice when registration is carried out in bad faith, for example by parties who do not intend to use the trademark substantively but only to profit or hinder the original trademark owner. In contrast, the *first-to-use* system implemented in Malaysia places

greater emphasis on protecting the first user, emphasizing fairness even though it sometimes creates uncertainty in practice.

The trademark regime in Indonesia, based on the principle of *first-to-file*, can be explained through the concepts of *das sein* and *das sollen*. *Das sein* reflects the law as it applies in practice: Article 3 of Law Number 20 of 2016 stipulates that trademark rights are obtained through registration, which provides legal certainty but also opens opportunities for abuse such as trademark squatting. Along with the development of international trade and the digital economy, the *first-to-file* system implemented in Indonesia is beginning to be considered inadequate in protecting well-meaning brand owners. From the point of view of *das sein*, Indonesia actually has a legal basis regulating registration in bad faith as stated in Article 21 paragraph (3) of Law Number 20 of 2016 concerning Trademarks and Geographical Indications (*UUMIG*), which can be used as a basis for lawsuits or cancellation of trademark registration.

However, in practice, this *das sollen* has not been fully realized because the high burden of proof often presents the main obstacle. The aggrieved party must show concrete evidence of bad intentions at the time of registration, which is not always easy to prove. This situation emphasizes the need to strengthen the evidentiary aspect and apply stricter sanctions so that the legal goal—creating a balance between certainty and justice—is truly realized in trademark protection in Indonesia.

This study was conducted to analyze how the application of the *first-to-file* principle in Indonesia compares to the *first-to-use* principle in Malaysia. Through this comparison, the study aims to find a balance between legal certainty and justice in trademark protection and provide input for the development of a trademark legal system that is more adaptive and responsive to the needs of business practices in Indonesia and intellectual property rights in brands.

METHOD

This study used a normative juridical method focusing on analyzing the application of the *first-to-file* principle in dealing with trademark squatting practices, reviewed from the perspective of justice and its contribution to legal development in Indonesia. As normative legal research, this approach was carried out through library research by examining various legal sources, such as legal principles, laws and regulations, scientific literature, and relevant court decisions. In addition, this study also applied a comparative approach by examining the provisions of trademark law in Indonesia and Malaysia. This approach aimed to identify the differences and similarities between the *first-to-file* and *first-to-use* systems, as well as assess more effective models for application in the context of brand protection in Indonesia.

RESULTS AND DISCUSSION

In the context of *Das Sein*, trademark law in Indonesia as stipulated in Article 3 of Law Number 20 of 2016, expressly adheres to *the principle of first-to-file*. This means that brand ownership rights are determined based on who registers first, not who uses them first. In

practice, this system does provide legal certainty, but on the other hand it also opens up opportunities for registration with bad faith. Parties who actually do not intend to use the trademark can still obtain legal rights just because they register first.

Meanwhile, *Das Sollen* described the ideal function of the law, namely that the law should not only provide certainty, but also uphold justice and prevent abuse. The gap arises because the law in its current implementation has not been able to fully realize this justice. Proving the existence of bad faith is still difficult to do in court, while the prevention mechanism is not strong enough. This gap between *Das Sein* and *Das Sollen* is one of the main weaknesses in the current Indonesian brand system.

Based on Law Number 20 of 2016, the application of *the first-to-file* principle in Indonesia has several real weaknesses. The law grants rights to anyone who registers a trademark first, regardless of whether that person is the rightful owner. Indonesia*'s first-to-file* system provides administrative legal certainty, but in practice it has not been able to close the gap in bad faith registration.

Article 76 paragraph (2) of the UUMIG does provide a basis for well-known brand owners to apply for cancellation, but its effectiveness is very limited because proving reputation and bad faith often demands high standards and is not easy to meet. This situation can be seen in several disputes related to well-known brands, where the rightful owner is actually in a defensive position due to the delay in registration. Thus, the provisions that should be additional protections are not able to fully compensate for the rigidity of *the first-to-file* system.

This approach allows the original owner to oppose trademark registration done in bad faith, as well as ensure that well-known brands are not easily sued simply because of administrative issues. Thus, the system in Malaysia better protects the interests of the rightful owners while maintaining consumer trust. Article 7 and Article 34(1)(a) *of the Trademarks Act 2019* explain that the term "use" includes various forms of representation, both visual, non-visual, and aural, and gives the right to parties who have previously used a trademark to object to registration by other parties. This provision is in line with *Section* 43 which regulates the right of *objection* (opposition) for previous users, and *Section* 45 which affirms the right of priority for the use of the mark in the market. In addition, Section 46 provides a legal basis for revocation *on grounds of non-use*.

The effectiveness of the Malaysian approach is also reflected in international assessments. In the *Global Innovation Index* 2023, Malaysia is in a higher position than Indonesia in terms of IPR protection. These findings are consistent with the *International IP Index 2024 report*, which assesses Malaysia's brand system to be more responsive, especially in *opposition* mechanisms, *passing off* actions, and protection against previous users. The data indicate that recognition of actual use does not reduce legal certainty, but rather strengthens it through fairer protections for well-known brand owners and good-faith business actors.

Through the integration of these provisions, Malaysia emphasizes the protection of first users while preventing registration done in bad faith. The approach reflects a balance between legal certainty and fairness for well-meaning brand owners. Dual recognition of use and

registration shows that a trademark legal system does not have to sacrifice justice for certainty. Malaysia has proven that the two can go hand in hand. For example, the mechanism of *passing off* lawsuits and the right to refuse trademark registration submitted later based on early use are an additional form of protection for business actors, both local and foreign. This approach creates a legal environment that maintains consumer trust and protects brand reputation on an ongoing basis.

Different from Indonesia, Malaysia applies an approach that gives weight to previous use. This was evident in the case of Starbucks Corp. v. Teo Chuan Beng, when the court recognized the goodwill and recognition of the Starbucks brand even though the disputed brand variation had not been fully registered. The court's considerations focus on reputation, real use, and potential consumer confusion, not just the chronology of registration. This approach shows how Malaysia places substantive safeguards above administrative formalities, so that the risk of piracy of well-known brands can be significantly suppressed.

The first-to-use *system* as implemented in Malaysia provides stronger and fairer protection for the actual owners. In the context of the global economy, where foreign brands are often widely known before being registered, Indonesia's current system actually weakens consumers' sense of fairness and trust. The application of *the first-to-use* principle will allow recognition of previous use and protect small businesses who do not yet have the resources to register their trademarks immediately.

Indonesia in the *grey area* of law needs to consider ratifying the elements of the *first-to-use system* so that trademark protection becomes more balanced between legal certainty and justice.[26] This principle would be more in line with the purpose of the law in the context *of Das Sollen* — that is, a law that is not only certain, but also fair and protects good-faith business actors.

The Indonesian system emphasizes legal certainty through registration formalities, a hallmark of civil law. However, certainty alone is not enough if justice is ignored for those who have built a reputation and real use. Malaysia has shown that the two can go hand in hand: its registration system remains first-to-file, but built on the principle of first-to-use through recognition of prior use. This principle is reflected in Section 43 and Section 45 of the Trademarks Act 2019 which give priority rights to the first user, as well as Section 7 and Section 34(1)(a) regarding the definition of "use" as the basis of protection.

Malaysia has succeeded in reducing the risk of brand piracy, while maintaining legal certainty for business actors. On the contrary, Malaysia's *first-to-use* system shows that the law can provide fairer protection without sacrificing certainty. By recognising the use of the previous trademark as the basis of rights, Malaysia has succeeded in suppressing opportunistic registration practices while maintaining the trust of consumers and business actors.

Principles in *the Trademarks Act 2019*, in particular Section 43 to Section 43 46, states that Malaysia provides a space for a prior user to file an objection (*opposition*) or revocation if the trademark is proven not to be used or registered in bad faith. This approach is in line with *the first-to-use* ideology that places actual use in the market as a key indicator of rights

ownership. Thus, the Malaysian legal system not only provides administrative protection, but also emphasizes the importance of honesty and good faith in acquiring trademark rights.

Based on this comparison, Indonesia needs to consider reforms in its trademark protection system by strengthening the regulation on good faith and providing recognition of the legitimate use of trademarks prior to registration. This approach will help create a better balance between legal certainty and justice, while making the trademark legal system in Indonesia more adaptive to the dynamics of international trade and legal integration in the ASEAN region.

In addition, the reform steps need to be aligned with international provisions stipulated in the TRIPS Agreement (Trade-Related Aspects of Intellectual Property Rights), the ASEAN Economic Community (AEC), and the ASEAN Framework Agreement on Intellectual Property Cooperation. As member states, Indonesia and Malaysia are obliged to strengthen protection of intellectual property rights that is transparent, fair, and in line with the principles *of fair competition* in the region. Thus, strengthening the aspect *of good faith* and recognition of *prior use* is not only important for national legal certainty, but also part of the regional commitment to create a harmonious brand legal ecosystem in Southeast Asia.

CONCLUSION

The application of the *first-to-file* principle under Law Number 20 of 2016 provides normative legal certainty in Indonesia but falls short of delivering full justice, particularly due to gaps in addressing bad faith registration and the limited effectiveness of Article 76 paragraph (2). This gap between *das sein* (the law in practice) and *das sollen* (the law as it should be) is evident, especially for well-known brand owners. Comparative analysis with Malaysia demonstrates that recognizing prior use through substantive *first-to-use* mechanisms—exemplified by the Starbucks dispute—offers more effective protection for good-faith business actors without compromising administrative certainty, aligning Malaysia with stronger international IPR protection. Rather than altering Indonesia's *first-to-file* principle, future research should explore strengthening its derivative norms by developing measurable guidelines for proving bad faith, establishing objective indicators for well-known brands, expanding opposition mechanisms, and providing clearer recognition of prior use. Such enhancements would help Indonesian trademark law balance administrative certainty with substantive justice, bridging the gap between *das sein* and *das sollen* without changing the fundamental legal framework.

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