

Trademark Squatting: A Fraudulent Strategy in Trademark Claims

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DOI: <https://doi.org/10.55299/jsh.v5i1.1873>

Article history: Received May 25, 2026: Revised June 15, 2026: Accepted June 28, 2026

ABSTRACT

Trademark squatting is a legal phenomenon that is increasingly prevalent in line with the development of the global business world, where certain parties register unregistered trademarks belonging to others to obtain illegitimate profits. This study aims to examine and analyze the concept of trademark squatting in the Indonesian trademark legal system, identify regulatory weaknesses that allow this practice to occur, and formulate ideal legal protection measures for victimized brand owners. The research method used is normative juridical with a statute, conceptual, and case approach. The results show that trademark squatting in Indonesia is facilitated by loopholes in the first-to-file registration system adopted by Law Number 20 of 2016 concerning Trademarks and Geographical Indications (GI). Although protection mechanisms exist through the concepts of bad faith and well-known trademarks, their implementation in the field still faces various obstacles. Reconstruction of the trademark registration system based on actual use and strengthening substantive examinations by the Directorate General of Intellectual Property are key to preventing trademark squatting in the future.

Keywords: Trademark Squatting, Trademark, Bad Faith

INTRODUCTION

Trademarks are intellectual property assets that possess significant economic value and commercial identity for companies. In an era of increasing global competition, brands not only serve to differentiate one product from another but also represent the reputation, quality, and consumer trust in a product or service. Indonesia, as a country with a growing number of businesses, faces serious challenges in its trademark protection system, one of which is the increasingly widespread phenomenon of trademark squatting, which is detrimental to the true brand owners. (Novelin, 2022) This phenomenon requires serious attention from an intellectual property law perspective, considering its broad impact on the investment climate, healthy business competition, and public trust in the national legal system. (Kamila, 2022).

Trademark squatting is the act of registering or using a brand, which is generally a well-known foreign brand, where the brand has not been registered in a country or the brand has been registered but has never been used by the original owner. (Novelin, 2022) This practice exploits loopholes in the trademark registration system, which adheres to the first-to-file principle, which grants trademark rights to the first party to register, rather than the first to use it in commerce. Indonesia adheres to the first-to-file system under Law Number 20 of 2016 concerning Trademarks and Geographical Indications; without sufficient caution, this system can become an instrument of abuse by parties with bad intentions. A thorough understanding of the mechanisms and legal implications of trademark squatting is crucial for a comprehensive analysis within the context of national trademark law. (Santoso, 2019).

Trademark squatting has left a visible mark on various trademark disputes handled by commercial courts in Indonesia. One of the cases that has received the most public attention is the "GoTo" trademark dispute between GoTo Gojek Tokopedia and PT Terbit Financial Technology, in which a third party claimed rights to the trademark based on an earlier registration to obtain substantial financial compensation. PT Terbit Financial Technology's lawsuit demanded compensation of IDR 2.08 trillion and the termination of the use of the GoTo trademark by the company concerned (Fh.unikama.ac.id 2025). A similar case occurred in the "Pierre Cardin" trademark dispute, where the well-known foreign brand had to face a local registrant who had previously registered the name in Indonesia. These cases demonstrate that trademark squatting is not merely an administrative matter but a serious legal dispute with significant economic implications.

From a regulatory perspective, trademark squatting is closely related to the interpretation and implementation of provisions regarding bad faith in trademark registration. Article 21, paragraph (3) of Law Number 20 of 2016 stipulates that trademark registration applications can be rejected if submitted by applicants who act in bad faith. However, proving bad faith in practice often faces difficulties because the law does not provide a clear definition of what is meant by bad faith in the context of trademark registration. (Nd & Nurhayati, 2018) This ambiguity of norms provides room for trademark squatters to argue that their actions are carried out in good faith, even though they substantively register their trademarks with the intention of profiting from the commercial value of other parties' trademarks.

In the context of international intellectual property law, trademark squatting is recognized as an act that violates the basic principles of trademark protection. The Paris Convention for the Protection of Industrial Property and the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement mandate the protection of well-known trademarks from actions that could harm their owners, including registrations made in bad faith. As a member of the World Trade Organization (WTO) and a party to various international agreements on intellectual property, Indonesia is obligated to harmonize its national regulations with these international standards. (Alfarizi & F, 2021) Unfortunately, the intended harmonization has not been fully achieved, and loopholes in national regulations are still exploited by trademark squatters (Alfarizi & F, 2021).

Data from the Directorate General of Intellectual Property (DJKI) of the Ministry of Law and Human Rights show a significant increase in the number of trademark registration applications annually. In 2022, the number of trademark registration applications exceeded 100,000, and this number continues to increase annually, in line with public awareness of the importance of trademark protection. Behind this large flow of registrations, there is a significant risk that some of them are filed in bad faith as part of trademark squatting practices. This indicates that the substantive examination conducted by the DJKI needs to be continuously improved to filter applications that potentially contain elements of trademark squatting. (Aidi, 2016). Increasing the capacity and competence of trademark examiners is urgently needed within a more effective trademark protection framework.

The current trademark registration system in Indonesia has several weaknesses that can be exploited by trademark squatters. One of the most fundamental weaknesses is the imbalance between protection for first-time registrants and protection for trademark owners who have used their trademarks in commerce but have not officially registered them. This situation creates injustice for business actors, especially small and medium-sized enterprises (SMEs), which often lack awareness of the importance of trademark registration from the outset of their operations. (Aidi, 2016) A system designed to protect intellectual property rights can become an instrument that threatens those rights if it is not balanced with adequate oversight and inspection mechanisms (Aidi, 2016).

Trademark squatting also has a business competition dimension that cannot be ignored. When a party registers a trademark belonging to a business competitor or a well-known foreign brand, such actions can directly hinder the original brand owner's access to the Indonesian market. This contradicts the principles of fair business competition, as stipulated in Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. From an economic perspective, trademark squatting, if allowed to continue, can reduce the attractiveness of foreign investment in

Indonesia, as foreign investors will feel unsafe investing in a country that cannot protect its trademarks from illegal practices.(Diponegoro et al., 2021)Therefore, eradicating trademark squatting is not only a legal issue but also an urgent national economic development agenda (Diponegoro et al., 2021).

Various previous studies have addressed certain aspects of trademark squatting in Indonesia, but comprehensive studies are still limited. Most studies focus on the protection of well-known trademarks or the analysis of specific trademark dispute cases without systematically analyzing how trademark squatting operates as a planned strategy in trademark disputes. This study aims to fill this gap by comprehensively examining trademark squatting, from its legal concept, the perpetrators' modus operandi, available protection mechanisms, to recommendations for necessary regulatory reform.(Vitadiani, 2023)This comprehensive study is expected to make a tangible contribution to the development of intellectual property law in Indonesia and serve as a basis for policymakers in updating trademark regulations.

Based on the background description above, this study specifically aims to answer three main questions: first, how is the concept of trademark squatting from the perspective of Indonesian trademark law and its relevance to international provisions; second, what are the regulatory weaknesses that allow trademark squatting to occur systematically in Indonesia; and third, how to reconstruct an ideal trademark protection system to prevent and overcome trademark squatting in Indonesia. By answering these three questions, this study is expected to provide significant theoretical and practical contributions to the field of intellectual property law, particularly in efforts to build a more equitable and effective trademark protection system for all stakeholders in Indonesia.(Gunawan, 2022).

LITERATURE REVIEW

The Concept of Trademark Law and its Protection System in Indonesia

In the Indonesian legal system, a trademark is defined as a sign that can be displayed graphically in the form of an image, logo, name, word, letter, number, arrangement of colors, in two-dimensional and/or three-dimensional form, sound, hologram, or a combination of two or more of these elements to distinguish goods and/or services produced by a person or legal entity in trade. This definition, as contained in Law Number 20 of 2016 concerning Trademarks and Geographical Indications, reflects the evolution of the increasingly broad concept of trademarks in response to technological developments and contemporary business models. The trademark protection system in Indonesia adheres to the first-to-file principle or constitutive system, which means that trademark rights are obtained through an official registration process with the Directorate General of Intellectual Property. Consequently, the first party to register a trademark will obtain exclusive rights to the trademark, even though it has not yet actually used it in trade activities. Adherence to this principle indirectly opens up space for the detrimental practice of trademark squatting.(Asmara et al., 2019).

Trademark Squatting: Definition, Modus Operandi, and Legal Impact

Trademark squatting Trademark squatting is the act of registering a trademark that is not actually the trademark of the perpetrator, with the primary goal of reselling the trademark to the original owner at a significantly higher price or preventing the original owner from using the trademark in a particular territory. The modus operandi of Trademark squatting usually begins with the systematic monitoring of well-known foreign brands or emerging local brands that have not yet been registered, followed by the registration of the trademark before the original owner has a chance to register it. The legal impact of trademark squatting is very broad, including the loss of trademark rights for the original owner, disruption of business activities, and significant financial losses due to lengthy litigation processes. Furthermore, trademark squatting systematically undermines the trust of business actors in the national intellectual property protection system.(Novelin, 2022).

Bad Faith in Trademark Registration as a Legal Instrument Against Trademark Squatting

The concept of bad faith in trademark registration is one of the main legal instruments that can be used to combat trademark squatting. In the Indonesian trademark legal system, Article 21, paragraph (3) of Law Number 20 of 2016 stipulates that trademark registration applications must be

rejected if submitted by applicants who act in bad faith. In this context, bad faith includes the act of imitating, copying, or following another party's trademark for the benefit of one's business, including registering another person's well-known or developing trademark without the owner's permission. However, proving bad faith in judicial practice often faces its own difficulties because the judge must prove the subjective intent of the applicant, which cannot always be traced from the available application documents.(Nd & Nurhayati, 2018).

Protection of Well-Known Trademarks in the International and National Legal Framework

The protection of well-known trademarks is crucial in the context of trademark squatting, given that well-known brands are the primary targets of this practice. Internationally, the protection of well-known trademarks is regulated by Article 6bis of the Paris Convention and Article 16 of the TRIPS Agreement, which obliges member countries to protect well-known trademarks from registration or use that may cause confusion among consumers. In Indonesia, the protection of well-known trademarks is regulated by Law Number 20 of 2016 and implemented through various court decisions that recognize the existence of well-known foreign trademarks, even if they have not been registered in Indonesia. The inconsistency of court decisions in determining the criteria for well-known trademarks remains a problem that requires clearer and more measurable normative solutions.(Diponegoro et al., 2021).

Legal Efforts and Reconstruction of the Brand Protection System from Trademark Squatting

Legal remedies available to victims of trademark squatting include cancellation of trademark registration through a lawsuit to the Commercial Court under Article 76 of Law Number 20 of 2016, claims for compensation for losses incurred, and termination of the use of the trademark by unauthorized parties. In addition to litigation, trademark owners can also pursue the mechanism of reject an application during the announcement period or file an administrative objection with the Directorate General of Intellectual Property Rights (DJKI). From a system reconstruction perspective, several trademark law experts have proposed that Indonesia consider adopting elements of the first-to-use system or at least incorporate evidence of genuine use as one of the requirements in the substantive examination of trademark registration as a structural solution to prevent trademark squatting.(Sudarsono, 2018).

Framework

The following is the framework of this research, which describes the analytical flow from the trademark squatting problem to efforts to reconstruct legal protection:

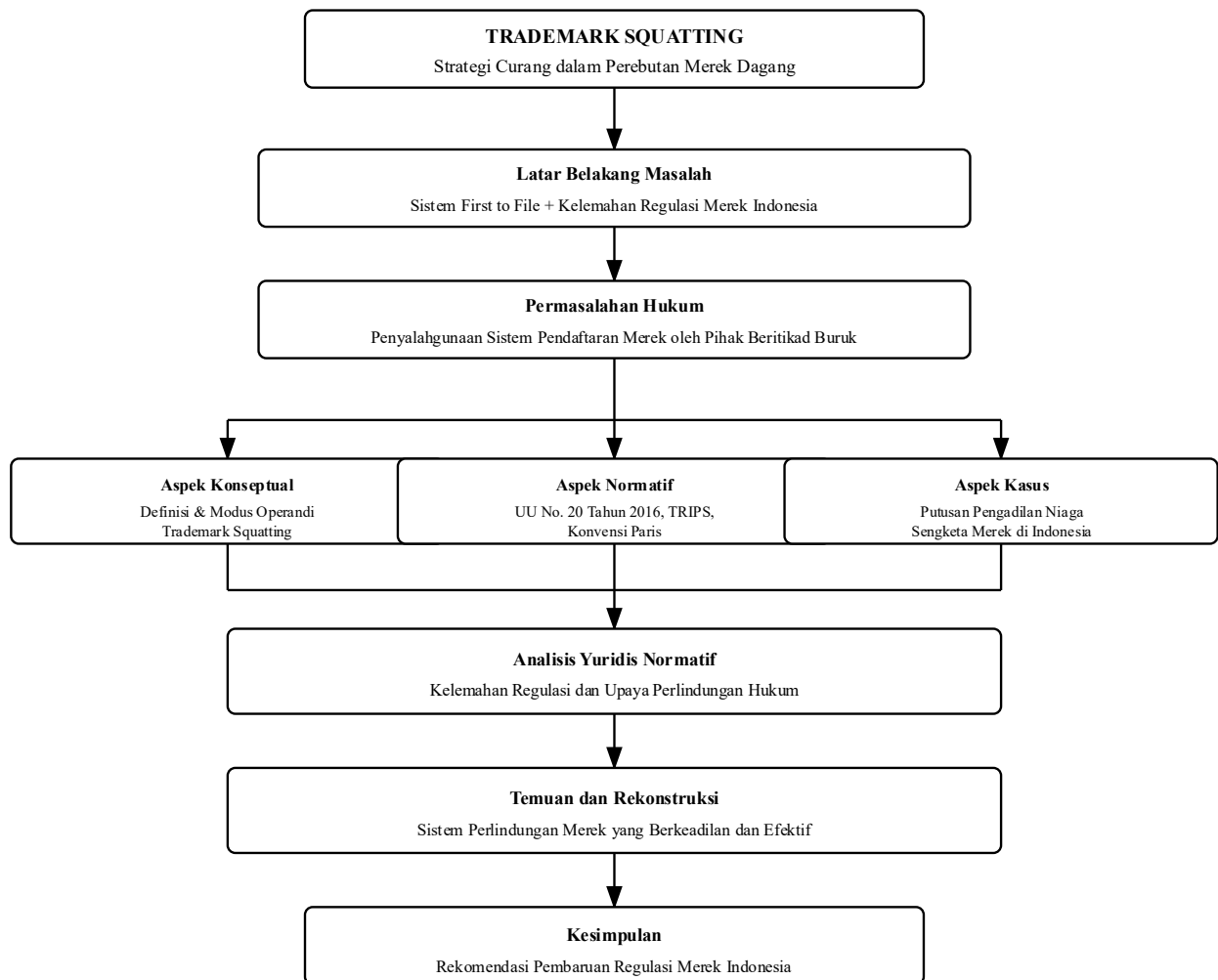


Figure 1. Framework of Thought

The framework of this research is structured as follows: the starting point of the study is the phenomenon of trademark squatting, facilitated by the first-to-file system and the weaknesses of national trademark regulations. An analysis is conducted from three aspects simultaneously, namely the conceptual aspect (definition and modus operandi of trademark squatting), the normative aspect (Law No. 20 of 2016, TRIPS, and the Paris Convention), and the case aspect (commercial court decisions on trademark disputes). These three aspects are synthesized through normative legal analysis to identify weaknesses in existing regulations and legal protection efforts, which ultimately results in recommendations for the reconstruction of a more just and effective trademark protection system.

RESEARCH METHODS

This study uses a normative juridical research method as the primary approach to analyze the issue of trademark squatting in the Indonesian trademark legal system. The normative juridical method was chosen because this study focuses on the analysis of positive legal norms, legal doctrines, and court decisions related to trademark protection and the eradication of trademark squatting without requiring direct field data collection.(Nurhayati et al., 2021).

Research Approach

This study used three complementary approaches. First, the statute approach, which analyzes relevant legal provisions, starting from Law Number 20 of 2016 concerning Trademarks and Geographical Indications, Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, the TRIPS Agreement, and the Paris Convention for the Protection of Industrial Property. Second, the conceptual approach examines relevant legal concepts such as trademark squatting, bad faith, well-known trademarks, and the first-to-file system within the

framework of intellectual property rights theory. Third, the case approach analyzes commercial court decisions in Indonesia related to trademark disputes containing elements of trademark squatting, including Supreme Court decisions in various cassation cases of trademark disputes.

Data Types and Sources

This study uses secondary legal materials as the main data source, which consists of three categories. Primary legal materials include laws and regulations related to trademarks and intellectual property, decisions of commercial courts and the Supreme Court regarding trademark disputes, and international agreements in the field of intellectual property ratified by Indonesia. Secondary legal materials include academic literature in the form of trademark law textbooks, scientific journal articles, research results, and legal papers discussing topics relevant to trademark squatting and protection. Tertiary legal materials include legal dictionaries, encyclopedias, and other reference sources that assist in understanding specific legal terminology in the context of trademarks and intellectual property.

Data collection technique

Legal materials were collected through systematic and comprehensive library research. This method involved searching, inventorying, and categorizing relevant legal materials from various sources, including conventional libraries, university digital repositories, the national law journal database (SINTA), and court decisions from the Supreme Court of Indonesia directory. Specifically, this study collected court decision documents related to trademark squatting disputes in Indonesia for in-depth analysis. The collected legal materials were sorted and categorized based on their relevance to the main issues examined in the research.

Data Analysis Techniques

The collected data were analyzed using prescriptive-qualitative analysis techniques. Prescriptive analysis was used to evaluate the compliance of applicable trademark regulations with ideal protection standards to prevent trademark squatting, as well as to provide recommendations for necessary improvements. The analysis process was carried out through several systematic stages: (1) reduction of legal materials to identify information relevant to the research focus; (2) presentation of data in the form of analytical descriptions that outline the facts and characteristics of the legal problems; (3) interpretation of data using grammatical, systematic, teleological, and historical legal interpretation methods; and (4) drawing conclusions that answer the problem formulation based on the results of a comprehensive analysis.

Analysis Framework

The analysis in this study was structured into three interrelated evaluative dimensions. The first dimension is a conceptual analysis, which examines the definition, elements, and *modus operandi* of trademark squatting based on the national and international trademark law doctrine. The second dimension is normative analysis, which examines relevant positive legal provisions and identifies regulatory gaps that allow trademark squatting to occur. The third dimension is a case analysis that examines court decisions to understand how judges interpret and apply trademark law in cases containing elements of trademark squatting.

RESEARCH RESULT

Overview of Trademark Squatting Practices in Indonesia

Trademark squatting in Indonesia has been occurring for decades and exhibits a consistent pattern. Trademark squatters typically monitor foreign brands developing or newly entering the international market and then register them in Indonesia before the original owner does so. The following table illustrates several trademark squatting cases handled by the Indonesian Commercial Court.

Table 1. Significant Trademark Squatting Cases in Indonesia

No	Brand Name	Applicant	Original Owner	Court ruling	Year
1	Pierre Cardin	Alexander Satryo Wibowo	Pierre Cardin (France)	MA No. 49 PK/Pdt.Sus-HKI/2018	2018

				local owners win	
2	IKEA	PT Ratania Khatulistiwa	IKEA Systems BV (Sweden)	MA No. 264K/Pdt.Sus-HKI/2015 IKEA loses at cassation level	2015
3	GoTo	PT Terbit Financial Technology	GoTo Gojek Tokopedia	Central Jakarta Commercial Court lawsuit rejected	2022
4	Polo	Local parties	Ralph Lauren Corp. (USA)	Various disputes at the Supreme Court cassation level	2017–2022
5	TikTok	Fenfiana Saputra	TikTok Ltd. (ByteDance)	Commercial Court TikTok loses at first level	2024–2025

Source: *Directory of Decisions of the Supreme Court of the Republic of Indonesia* (putusan3.mahkamahagung.go.id); various decisions that have permanent legal force.

Table 1 shows that trademark squatting has occurred against various well-known international brands across various business sectors, and the resulting decisions have varied. This inconsistency largely reflects the unclear norms regarding the criteria for bad faith in the Indonesian trademark law.

Regulatory Weaknesses That Facilitate Trademark Squatting

An analysis of the provisions of Law Number 20 of 2016 and its implementation practices reveals several weaknesses that systematically facilitate trademark squatting.

Table 2. Mapping of Weaknesses in Indonesian Trademark Regulations in the Context of Trademark Squatting

No	Regulatory Aspects	Normative Provisions	Identified Weaknesses	Impact on Trademark Squatting
1	Registration System	Article 3 of Law No. 20/2016: trademark rights are obtained through registration	Does not require proof of genuine use	Makes it easy to register a brand without any intention of using it
2	Definition of Bad Faith	Article 21 paragraph (3): an application will be rejected if it is in bad faith.	There is no clear definition of bad faith.	It is difficult to prove bad faith in court.
3	Substantive Examination	DJKI conducts a substantive examination of the application	Examiner capacity is limited compared to the volume of applications	Problematic brands pass inspection stage
4	Famous Brands	Article 83 paragraph (1): lawsuits can be filed for similarity to well-known brands.	The criteria for "well-known brand" is not specifically defined.	Inconsistency of judges' decisions regarding well-known trademarks
5	Lawsuit Deadline	Article 77: a lawsuit for cancellation can be filed within 5 years	The deadline is too short for a well-known brand	The original brand owner loses rights after 5 years

Source: *Law Number 20 of 2016 concerning Trademarks and Geographical Indications*; author's analysis based on regulatory studies and court decisions.

Comparison of Trademark Protection Systems: Indonesia and Other Countries

To understand Indonesia's position in the context of trademark protection from trademark squatting, it is necessary to compare it with the systems adopted by other countries.

Table 3. Comparison of Trademark Protection Systems from Trademark Squatting in Several Countries

No	Country	Main System	Real Terms of Use	Anti-Trademark Squatting Instrument	Effectiveness
1	Indonesia	<i>First to File</i>	Not required	Bad faith (Article 21 paragraph 3 of Law 20/2016)	Currently
2	United States of America	<i>First to Use</i>	Required	<i>Intent-to-use application</i> , abandonment doctrine	Tall
3	European Union	<i>First to File</i>	Required after 5 years	<i>Revocation for non-use</i> bad faith	Tall
4	China	<i>First to File</i>	Not required during registration	<i>Bad faith</i> registration; 2019 reform	Medium–High
5	Australia	<i>First to Use</i>	Required	Proof of use in trading	Tall

Source: WIPO (World Intellectual Property Organization), *Comparative Study on Trademark Registration Systems*, 2022; author's analysis.

Legal Protection Mechanisms for Victims of Trademark Squatting in Indonesia

Brand owners who are victims of trademark squatting can pursue several legal avenues based on applicable regulations.

Table 4. Legal Protection Mechanisms for Victims of Trademark Squatting in Indonesia

No	Mechanism	Legal basis	Procedure	Excess	Limitations
1	Rejection of application by DJKI	Article 21 paragraph (3) of Law 20/2016	Substantive examination by DJKI	Preventive; prevent before registering	Depends on the capacity of the examiner
2	Trademark cancellation lawsuit	Articles 76–77 of Law 20/2016	Lawsuit to the Commercial Court	Can cancel a registered trademark	Long process, high costs, 5 year limit
3	Compensation suit	Article 83 of Law 20/2016	Civil lawsuit to the Commercial Court	Financial compensation for losses	Proving losses is complicated
4	Objections during the announcement period	Articles 24–25 of Law 20/2016	Objections were submitted to DJKI during the announcement period	Relatively fast and cheap	The 2 month deadline is very short
5	Criminal complaint	Articles 100–103 of Law 20/2016	Report to the Police/PPNS DJKI	Deterrent effect; criminal sanctions	Rarely used; proof difficult

Source: Law Number 20 of 2016 concerning Trademarks and Geographical Indications; Directorate General of Intellectual Property, *Trademark Law Enforcement Guidelines*, 2021.

DISCUSSION

The research findings show that trademark squatting in Indonesia is a complex, multidimensional legal phenomenon that cannot be adequately explained through a purely normative approach. Conceptually, trademark squatting operates within the gap between the first-to-file principle adopted by the Indonesian trademark system and the obligation to protect well-known trademarks as mandated by international law. (Rahma & Mahmudah, 2023) In his research, he explicitly identified that the first-to-file system, which lacks concrete terms of use, is the most significant structural factor facilitating trademark squatting in Indonesia. Trademark squatters exploit this system by registering

trademarks that do not belong to them solely for financial gain, without any intention of using them in actual commercial activities.

From the perspective of bad faith, an analysis of various court decisions reveals the inconsistency of judges in defining and proving bad faith in trademark registrants.(Abdurahman, 2020)In their comprehensive study, they concluded that the ambiguity in the interpretation of bad faith has created legal uncertainty that has a direct impact on weak law enforcement against trademark squatters. Judges are often divided between a formal approach that adheres to the first-to-file system and a substantive approach that considers aspects of fairness and the protection of the true brand owner. This inconsistency is clearly visible in the comparison between the court's decision in the Pierre Cardin case, which sided with the local registrant, and the decision in the GoTo case, which rejected the lawsuit of the party that registered the brand in bad faith. This difference shows that the standard for proving bad faith in Indonesia is still case-specific and lacks clear guidelines for its application.(Hastuti, 2019).

Structural weaknesses in the trademark examination system at the Directorate General of Intellectual Property (DGIP) also significantly contribute to the prevalence of trademark squatting. The volume of trademark registration applications, reaching over one hundred thousand per year, far exceeds the capacity of available examiners, resulting in substantive examinations, which should be the primary filter for problematic applications, often failing to perform optimally.(Rahardjo, 2024)The Indonesian Trademark Authority (DJKI) noted that limited human resources for trademark inspection are one of the main obstacles faced by the Directorate General of Intellectual Property (DGIP) in preventing trademark squatting(Raharjo, 2024). This situation is exacerbated by the lack of a technology-based monitoring system that can detect trademark applications that bear similarities to well-known, existing brands, both registered in Indonesia and widely recognized internationally.(Sulastri et al., 2018).

The protection of well-known trademarks is the most crucial aspect of handling trademark squatting. The Paris Convention and the TRIPS Agreement mandate strong protection for well-known trademarks, including against bad-faith registrations. However,(Diponegoro et al., 2021)concluded that the implementation of well-known trademark protection in Indonesia is still far from ideal, marked by inconsistent court decisions in determining the criteria for a brand to be considered a well-known trademark. In several decisions, internationally recognized and widely used trademarks were defeated by local applicants exploiting the lack of registration in Indonesia. This situation raises serious questions about the commitment of the Indonesian legal system to fulfilling its international obligations regarding intellectual property protection.(Novelin, 2022).

A comparison with trademark legal systems in other countries provides a valuable perspective for formulating the necessary reconstruction. The United States, which adheres to a first-to-use system, has successfully minimized trademark squatting because trademark protection is based on evidence of actual use and not merely formal registration. The European Union, while adopting a first-to-file system like Indonesia, has integrated the obligation to use a trademark within a specified timeframe as a condition for maintaining trademark rights, allowing "sham" registrations without actual use to be revoked.(Sudarsono, 2018)argues that Indonesia needs to consider adopting elements of these systems to create a better balance between legal certainty and substantive justice in trademark protection.(Chandra et al., 2015).

The mechanism for resolving trademark squatting disputes through commercial courts also faces several practical obstacles that reduce its effectiveness as a protective instrument. Lengthy litigation processes, high costs, and uncertainty about outcomes often hinder brand owners, especially small and medium-sized businesses, from pursuing their rights through the courts.(Vitadiani, 2023)In his case study, he identified that the five-year time limit for trademark cancellation lawsuits, as stipulated in Article 77 of Law Number 20 of 2016, often passes before the original trademark owner realizes that their trademark has been squatted, thereby losing their right to file a lawsuit. This issue is particularly relevant for foreign brands that have recently entered or are planning to enter the Indonesian market. (Brand et al., 2018).

Reforming the brand protection system against trademark squatting requires a comprehensive and multidimensional approach to be effective. At the normative level, amendments to Law Number 20 of 2016 are needed to provide a clear and measurable definition of bad faith, extend or eliminate the deadline for invalidation lawsuits for trademark squatting cases, and introduce a use requirement as a condition for trademark registration and renewal.(Alfarizi & F, 2021)emphasized the importance of harmonizing national trademark laws with international standards under TRIPS and the Paris Convention, including mechanisms for protecting against trademark squatting. This harmonization not only fulfills international obligations but also represents a strategic step toward building a trademark protection system that is more responsive to the challenges of the globalization era.(Anugraha, 2020).

At the institutional level, strengthening the DJPI's capacity for substantive examinations is urgently needed. Investing in artificial intelligence technology to detect similarities between new trademark applications and existing trademarks, including internationally renowned trademarks registered in the WIPO database, could significantly improve the effectiveness of the examination filter for potential trademark squatting applications.(Gunawan, 2022)proposed that Indonesia consider establishing a special unit for handling trademark squatting at the Directorate General of Intellectual Property (DGIP), which would have the authority to proactively reject problematic applications without having to wait for a lawsuit from the original trademark owner. If implemented properly, this measure could provide more preventative protection than reactive litigation mechanisms.(Tritanaya & Yulianingsih, 2022).

CONCLUSION

Based on the comprehensive analysis that has been carried out, this study produces several main conclusions.

1. *Trademark squatting* Trademark squatting in Indonesia is a legal phenomenon systematically facilitated by the absolute application of the first-to-file principle without any requirement for actual use in commercial activities. This system provides loopholes for parties with bad intentions to register other people's trademarks to obtain illegitimate profits, either through resale to the original owner or through unauthorized commercial exploitation of the trademark. Various cases handled by the Commercial Court, from Pierre Cardin, IKEA, GoTo, to TikTok, are clear evidence that trademark squatting is not merely a theoretical issue but a concrete legal challenge with far-reaching implications for brand owners.
2. Indonesia's trademark regulations, as outlined in Law Number 20 of 2016 concerning Trademarks and Geographical Indications, have several fundamental weaknesses that need to be addressed. The lack of clarity in defining bad faith, the limited capacity of the Directorate General of Intellectual Property Rights (DGIP) to conduct adequate substantive examinations, inconsistent court decisions in applying well-known trademark criteria, and the unresponsive deadline for invalidation lawsuits in trademark squatting cases are the key weaknesses that collectively undermine the effectiveness of the national trademark protection system.
3. Reconstructing the brand protection system against trademark squatting requires reforms that simultaneously encompass the normative, institutional, and technical dimensions. In the normative dimension, amendments to Law Number 20 of 2016 are needed to clarify the definition of bad faith, introduce usage requirements, and adjust the deadline for cancellation lawsuits. In the institutional dimension, strengthening the capacity of the Directorate General of Intellectual Property (DJIP) by adding trained trademark examiners and developing a technology-based detection system is urgent. In the technical dimension, developing international cooperation with WIPO and harmonizing trademark databases can strengthen the early detection mechanism for applications indicating trademark squatting. These three dimensions of reform must be implemented synergistically to build a more equitable, effective, and competitive Indonesian brand-protection system globally.

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