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# **The Legal Consequences of Passing Off Actions Involving the Registered Well-Known Trademark of Hugo Boss vs Anthony Tan**

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**Abstract:** A trademark, as part of Intellectual Property Rights, is an important element for business operators to differentiate their products from those of other business operators. Passing off is one of the most common forms of trademark infringement, occurring when a business imitates a well-known trademark identically to create confusion among consumers. Famous brands have a high reputation and a good image in society, but the protection against passing off for famous brands is still lacking. In Law Number 20 of 2016 concerning Trademarks and Geographical Indications, there is still no clear regulation regarding the passing off of well-known trademarks, resulting in legal uncertainty for the original well-known trademark owners. As a result, violations of well-known brands frequently occur, driven by economic factors and societal stereotypes that view well-known brands as symbols of social status.

**Keyword:** Trademark, Passing Off, Intellectual Property Rights, Reputation.

## **INTRODUCTION**

Passing off is an act of bad faith committed by an individual or entity with the intention of misleading or deceiving consumers by imitating or exploiting the reputation of a well-known trademark without permission. Such actions create confusion among consumers, as the products or services offered appear to originate from the rightful owner of the well-known trademark, when in fact, they do not. In addition to causing unfair competition, passing off also infringes on the intellectual property rights of the rightful trademark owner.

A trademark is a part of Intellectual Property Rights that essentially serves as a sign to identify goods and services (an indication of origin) (Jened, 2015). A trademark, as a sign of a product or service, must possess distinguishing features that set it apart from other trademarks. Therefore, if a trademark is found to be similar in its essential aspects or entirety to a well-known registered trademark, it may be considered to have been registered in bad faith and could be an indication of a passing off action. As stipulated in Article 1 of Law No. 20 of 2016 concerning Trademarks and Geographical Indications, a trademark is a sign in the form of a

picture, logo, name, word, letter, number, or color arrangement used to distinguish goods or services from those of other businesses.

Passing off, also known as brand parasitism, involves taking advantage of the reputation or goodwill of a well-known brand. Typically, imitation only occurs with key elements of a famous trademark, rather than in its entirety, creating the impression that the brand is already well-known. The high reputation of famous trademarks often triggers infringements, both domestically and internationally. One example of such brand parasitism is the case of the well-known brand HUGO BOSS and HUGO SELECTION, owned by a local entrepreneur from North Jakarta named Anthony Tan.

The owner of the well-known trademark HUGO BOSS, HUGO BOSS Trade Mark Management GmbH & Co. KG, filed a lawsuit against entrepreneur Anthony Tan for imitating or copying the word "HUGO," which has long been associated with the renowned German brand. HUGO BOSS has been registered and received legal protection since January 24, 1989. In the Supreme Court ruling No. 520 K/Pdt.Sus-HKI/2021, the judge stated that Anthony Tan, as the Respondent in the Cassation, should have sought another name for the trademark and the products he produced that could reflect originality and novelty.

This results in significant losses for the rightful trademark owner, both materially and immaterially. From a material perspective, the original trademark owner suffers a decline in revenue due to consumers switching to purchase counterfeit products sold by the passing off perpetrator. From an immaterial perspective, the reputation and goodwill of the original trademark owner are threatened, as the counterfeit products produced by the passing off party often have low-quality standards, which damages the public image of the original brand (Nurmala, 2018). This unfair competition must be addressed to ensure the sustainability of businesses in the future. Therefore, the government must play an active role in handling cases of brand parasitism involving well-known trademarks.

Efforts that the government can undertake include strengthening law enforcement, implementing stricter regulations for trademark protection, and educating the public about the importance of purchasing genuine, high-quality goods rather than counterfeit products with low quality. It is crucial to understand the legal consequences of passing off actions committed by business actors in bad faith for personal gain, as well as the underlying causes of such acts of passing off (brand parasitism) involving well-known trademarks.

Statement of the Problem:

1. What are the legal consequences of passing off actions against well-known trademarks?
2. What are the indicators that cause passing off against well-known trademarks?.

## **METHOD**

The writing of this scientific paper uses a qualitative research method because the research specification is descriptive in nature. Data collection is carried out using primary and secondary legal sources obtained through journals, articles, books, and regulations (Matheus & Gunadi, 2024). The data analysis technique employs a literature study method and a descriptive qualitative analysis method.

## **RESULTS AND DISCUSSION**

### **The Legal Consequences of The Act Of Passing Off on Well-Known Trademarks.**

Any violation of a trademark can be brought before the Commercial Court, as regulated in Article 83 of Law No. 20 of 2016 concerning Trademarks and Geographical Indications. This article stipulates that the owner of a registered trademark and/or a trademark licensee may file a lawsuit against another party that uses or imitates the trademark, without authorization, if it is similar in its essential aspects or entirety. The lawsuit may seek compensation and/or an injunction to halt all production related to the use of the trademark.

Indonesia adheres to the constitutive principles of first to file and first to use, which means that the person who first registers a trademark with the Directorate General of Intellectual Property will obtain the rights to that trademark (Biela & Rosando, 2022). This is regulated in Article 3 of the Law on Trademarks and Geographical Indications, which states that the rights to a trademark are obtained once the trademark is registered, and only then does the trademark receive legal protection. Registration is necessary and mandatory to ensure that only one party holds the rights to the trademark, and other parties or third parties should respect the rights of the first registrant.

For trademarks that are found to be similar in their essential aspects or entirety, engaging in passing off against a well-known registered trademark, their registration application may be rejected or canceled as outlined in Article 21 of the Law on Trademarks and Geographical Indications, particularly in paragraphs (1) letters b and c. However, in practice, many trademarks that resemble others still manage to pass the registration process (Khotimah & Apriani, 2022).

In the dispute case between HUGO BOSS and HUGO SELECTION owned by Anthony Tan, it was proven that the trademark registered by Anthony Tan contained similarities in its essential aspects. The similarity in essential aspects refers to the resemblance that occurs due to dominant elements between the two trademarks, which creates the impression of similarity, both in terms of pronunciation, shape, placement, and writing style (Ferdian, 2019).

The dispute between HUGO BOSS and HUGO SELECTION, owned by Anthony Tan, began when HUGO BOSS claimed that Anthony Tan had copied its logo. The German company had registered its trademark and received legal protection since January 24, 1989. In the first-instance ruling, case number 27/Pdt.Sus.Merek/2020/PN.Niaga.Jkt.Pst., HUGO BOSS requested the court to cancel and revoke Anthony Tan's trademark, halt the production of goods under that trademark, and declare HUGO BOSS as the sole original owner and rightful holder of the trademark. However, the court rejected HUGO BOSS's request and ruled in favor of HUGO SELECTION, owned by Anthony Tan.

In the judge's consideration, there was an element of distinction between the two trademarks, and the word "HUGO" was deemed to be a generic or common word. Additionally, the lawsuit filed by HUGO BOSS was considered time-barred, as a trademark cancellation lawsuit can only be filed within a period of 5 years from the date of the trademark registration. HUGO BOSS first filed the lawsuit in 2020, while Anthony Tan had registered his trademark in 2008. However, there is an exception in cases of bad faith, where a trademark cancellation lawsuit can be filed without any time limit. Following their defeat, HUGO BOSS filed a cassation appeal with the Supreme Court under decision number 520 K/Pdt.Sus-HKI/2021. In the cassation, HUGO BOSS added a request to declare that the word "HUGO" is the dominant word of the HUGO BOSS trademark and is not a generic term. The word "HUGO" refers to the name of the founder, Hugo Ferdinand Boss, and is closely associated with the HUGO BOSS brand. Therefore, it was argued that there was an element of bad faith on the part of Anthony Tan, who knowingly engaged in passing off or parasitism by exploiting the name of the well-known and registered HUGO BOSS trademark in Indonesia.

In its cassation ruling, the panel of judges acknowledged the error and mistakes in the previous decision, granting all of HUGO BOSS's requests. The court annulled the first-instance ruling of the Central Jakarta Commercial Court, case number 27/Pdt.Sus.Merek/2020/PN.Niaga.Jkt.Pst., and declared the registration of HUGO SELECTION and its variations null and void. The court also stated that Anthony Tan had registered his trademark in bad faith.

### **What are the Indicators that Cause Passing Off of a Well-Known Trademark?**

Passing off of well-known trademarks frequently occurs in Indonesia, and the protection for these trademarks is often insufficient. Monitoring and enforcement need to be carried out diligently. To be considered an act of passing off, three elements must be present. The first element is when the trademark being imitated is a well-known trademark that has a good reputation and is widely recognized by the public.

The second element is the misrepresentation that occurs when consumers encounter a similar trademark in the same class of goods, which causes confusion and misleads consumers when choosing a product. The third element is the harm caused by the passing off action, where the business actor, acting in bad faith, imitates a well-known trademark, leading to confusion among the public when selecting products (public misleading). Well-known trademarks are often the subject of infringement due to their reputation. The indicators for the causes of trademark violations by business actors are based on several factors, including:

1. Quick and certain profit, the imitating business gains rapid and guaranteed profits because the trademark being copied is already well-known and familiar to the public, making it easy to attract consumers who do not recognize the difference between the original and the counterfeit.
2. Avoiding the risk of loss, the business avoids the risk of losses that would arise from building a new brand from scratch and making it well-known, considering the high promotional and production costs required to produce a quality product. This method allows easy market entry and profit without substantial expenses.
3. Higher profit from counterfeit goods, the profit from selling counterfeit goods is significantly higher compared to selling original products because there is no need for research and development, large-scale promotion, or tax payments. This allows counterfeit products to be sold at lower prices to consumers.

Other factors that support and drive trademark infringement through passing off include economic factors related to goodwill, promotional activities, and investment. Goodwill is an intangible asset with high value that provides significant benefits for the future development of a business. A strong reputation and positive brand image are key elements of goodwill, as they contribute to consumer trust and brand loyalty, making it a valuable asset for the business owner (Khotimah & Apriani, 2022).

If a trademark is liked, recognized, and trusted by the public, it will positively impact the company's revenue. Promotional activities and investment in building a brand reputation to become a well-known trademark require significant costs. As a result, brand parasitism (passing off) often occurs, as businesses try to create the impression that the counterfeit trademark and the original brand come from the same producer.

The second factor is the culture of society, which relates to the tendency of people to prioritize social status over the originality and quality of a product. This is driven by societal stereotypes that associate the use of certain brands, especially well-known ones, with a higher social status. However, many consumers are unable to afford the original products due to their high prices. As a result, people turn to counterfeit goods from well-known brands, which are sold at much lower prices. This situation is exploited by irresponsible business actors as a business opportunity to gain profit (Khotimah & Apriani, 2022).

The lack of public awareness regarding trademark regulations presents a significant challenge, as many consumers are unaware of how to handle situations when they encounter similar or identical trademarks. If the public were more knowledgeable about trademark law, they would understand that the rightful trademark owner has the right to file objections or request the cancellation of a trademark. Trademark infringements often occur due to the lack of awareness and understanding of trademark regulations among the general public.

The third factor is the regulatory framework. A strong regulatory system and strict oversight of trademarks are essential to protecting the rights of well-known trademarks from unfair competition. In Indonesia, the regulation regarding trademarks is outlined in Law Number 20 of 2016 on Trademarks and Geographical Indications. However, this regulation remains somewhat limited and lacks comprehensiveness in providing adequate protection for well-known trademarks, leaving room for trademark infringements to occur more easily (Khotimah & Apriani, 2022).

Passing off, or parasitism of a brand's reputation, has become one of the most frequent trademark infringements. Until now, there is no specific regulation that addresses the protection of well-known trademarks from passing off actions. Even in the Trademark and Geographical Indication Law, the terms "passing off" and "well-known trademark" are not clearly defined. This legal ambiguity creates uncertainty, making the resolution of passing off trademark disputes more challenging.

The fourth factor is oversight. The weak monitoring by the Directorate General of Intellectual Property over trademark registration applications has resulted in counterfeit trademarks passing registration. While there are clear and strict regulations in place, without stringent oversight, they cannot be effectively enforced. The negligence of the Directorate General of Intellectual Property in approving trademarks that are similar to well-known trademarks is due to the underdeveloped official announcement system, which makes it difficult for the public to monitor the trademark registration process (Khotimah & Apriani, 2022).

## CONCLUSION

The causes of passing off by business actors against well-known trademarks are due to economic factors, a societal culture that prioritizes social status, weak regulations, lax oversight, and inadequate protection for well-known foreign trademarks. Therefore, the government must enforce better laws and stricter trademark oversight through the Trademark and Geographical Indications Law. The owners of original trademarks must be protected and ensured legal certainty for trademarks that have been registered for a long time. A more thorough and careful substantive examination during trademark registration must be conducted to prevent trademarks with similar or identical elements from passing registration and being included in the trademark registry.

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