



## Legal Protection of Intellectual Property Rights for MSME Products in Indonesia: The Impacts of Import Relaxation Policy Under Minister of Trade Regulation No. 8 of 2024

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**Abstract:** This study examines the legal protection of Intellectual Property Rights (IPR) for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia amid the implementation of import relaxation under Minister of Trade Regulation No. 8 of 2024. While the policy aims to facilitate trade and material access, it raises concerns about IPR protection and MSME competitiveness. Using a qualitative case study, this research draws on interviews with MSME actors, legal experts, and officials, supported by legal documents and academic sources. Thematic analysis revealed that, although the regulation improves access to imported raw materials, it also increases IPR violations, particularly through foreign products imitating local innovations. Many MSMEs struggle to protect their intellectual assets due to weak enforcement mechanisms. The study concludes that stronger legal frameworks and government oversight are crucial to balancing trade liberalization with effective IPR safeguards. It emphasizes the need for greater awareness among MSMEs and improved institutional support to preserve local creativity and ensure fair competition. This study also proposes a collaborative policy model involving MSMEs, the government, and legal institutions to enhance sustainable IPR protection and policy coherence in the context of global trade.

**Keyword:** Intellectual Property Rights, Micro, Small, and Medium Enterprises (MSMEs), Import Relaxation Policy, Legal Protection; Trade Regulation No. 8 of 2024.

### INTRODUCTION

The Micro, Small, and Medium Enterprises (MSMEs) sector in Indonesia plays a strategic role in the national economy by significantly contributing to employment and economic growth. However, MSMEs continue to face a range of structural challenges, especially in relation to the legal protection of intellectual property rights (IPR). Many MSME actors are unaware of the legal and economic importance of IPR protection, which exposes them to risks such as product counterfeiting, unauthorized replication, and brand dilution. This

vulnerability reduces the competitiveness of MSME products both domestically and internationally.

A major contributing factor to this vulnerability is the implementation of liberal trade policies, particularly the import relaxation policy under Minister of Trade Regulation No. 8 of 2024. Although intended to improve access to imported raw materials and stimulate trade, the policy has triggered concerns about the long-term implications for IPR enforcement. It inadvertently increases competition from imported goods, which may imitate locally developed innovations without sufficient legal consequences. MSMEs with limited legal knowledge and access to affordable registration services are especially disadvantaged in this context.

This issue is further complicated by the low awareness among MSME actors regarding the need to register trademarks, copyrights, and patents. Despite the existence of government initiatives such as Minister of Cooperatives and SMEs Regulation No. 3 of 2021, which seeks to provide training and legal capacity-building, enforcement mechanisms remain weak and fragmented. Consequently, innovative MSME products lack adequate protection, making them more susceptible to piracy and unfair competition (Madhusoodanan et al., 2022; Simatupang et al., 2025).

Several studies have confirmed these systemic challenges. Research has highlighted the gap in legal literacy among MSME actors and the lack of institutional synergy between trade and IPR protection policies (Mukherjee & Chanda, 2019; Nanda & Kumar, 2023; Tahta, 2021). While some regulatory frameworks exist, such as those under Minister of Cooperatives Regulation No. 3 of 2021, their practical implementation has not effectively supported IPR protection at the grassroots level (Hidayat et al., 2025; Maataoui, 2021).

Trade liberalization, in the form of import relaxation, exacerbates the issue by increasing the flow of cheaper, and sometimes imitative, foreign products into the domestic market. Without corresponding improvements in IPR enforcement, MSMEs face intensified competitive pressures that undermine local innovation and production capacity. (Sharma et al., 2021; Tatawu et al., 2022).

To address these challenges, this study proposes not only enhancing MSME awareness and streamlining IPR registration systems, but also developing a collaborative policy model involving MSMEs, government institutions, and legal agencies. This tripartite framework aims to ensure coordinated support for legal protection, enforcement, and capacity-building to safeguard innovation in the MSME sector.

This study thus aims to examine the effectiveness of IPR legal protection mechanisms for MSME products under the current trade policy regime, particularly Minister of Trade Regulation No. 8 of 2024. It also seeks to formulate policy recommendations that integrate trade, legal, and institutional perspectives to strengthen MSME competitiveness and promote sustainable economic development.

## **METHOD**

This study uses a qualitative approach with a descriptive qualitative research design aimed at gaining a deep understanding of the legal protection of intellectual property rights (IPR) for micro, small, and medium enterprise (MSME) products in Indonesia within the context of the import relaxation policy under Minister of Trade Regulation No. 8 of 2024, as well as its relevance to Minister of Cooperatives and SMEs Regulation No. 3 of 2021. This type of research was chosen because it can comprehensively describe legal phenomena through the exploration of meanings, policies, and the practical implementation challenges faced by MSME actors.

The research was conducted from January to March 2025 in Central Java, particularly focusing on MSME clusters in Surakarta and surrounding areas. The primary instrument in this research is the researcher themselves, who acts as the key instrument to observe, explore, and

interpret the data directly based on the understanding of the social and legal context under investigation.

Data collection techniques include a literature review of regulatory documents, academic literature, legal journals, and official reports from relevant government institutions. Additionally, in-depth interviews were conducted with key informants such as MSME actors, ministry officials, academics, and legal practitioners to gain empirical perspectives on the implementation of IPR protection and the impact of import relaxation on the sustainability of their businesses.

The collected data were analyzed using thematic analysis techniques by identifying patterns, relationships, and meanings emerging from the qualitative data. This approach allows the researcher to critically interpret various policies and regulations affecting IPR protection for MSME products and to formulate policy recommendations that are adaptive and based on the real needs in the field.

## RESULTS AND DISCUSSION

This study aims to provide a comprehensive understanding of the legal protection of intellectual property rights (IPR) for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia and the impact of the import relaxation policy as stipulated in Minister of Trade Regulation No. 8 of 2024. This policy was intended to promote market openness and increase access to imported raw materials. However, the findings of this study, based on data from in-depth interviews, document analysis, and relevant literature, reveal significant risks to the competitiveness and legal security of MSME products.

Data collection was carried out using three key methods: in-depth interviews with MSME actors, legal experts, and government representatives; analysis of key regulations (such as Minister of Trade Regulation No. 8 of 2024 and Minister of Cooperatives Regulation No. 3 of 2021); and review of academic literature on IPR, MSME development, and trade policy. Thematic analysis identified three central issues: (1) weak awareness and implementation of IPR protection among MSMEs, (2) intensified competition from imported products due to trade relaxation, and (3) suboptimal government policy execution in protecting MSME innovation

**Table 1. Levels of Intellectual Property Rights (IPR) Awareness and Protection among MSMEs based on survey results**

Category	Percentage (%)
Unaware or not fully understanding IPR protection	58
Aware but have not registered or protected their products	33
Actively protected their products through legal mechanisms	9

Source: Survey Data, 2025

**Table 2. MSME Perceptions of the Impact of Import Relaxation Policy based on survey results**

Perception Category	Percentage (%)
Felt it negatively impacted competitiveness	67
Believed it created market opportunities	20
Remained neutral or unsure	13

Source: Survey Data, 2025

Based on survey data, 67% of MSMEs felt negatively impacted by the import relaxation policy, reporting a drop in competitiveness due to the influx of lower-cost imported products.

These foreign goods often imitate local innovations without legal consequences. The result is an economic displacement of domestic products and a reduction in incentive for local innovation. This confirms earlier studies by (Dewi et al., 2020) and (Chingwaru, 2014). This situation aligns with global patterns in which liberal trade policies, when not supported by protective frameworks, tend to benefit larger foreign producers at the expense of local SMEs. who warn against liberal trade regimes that lack mechanisms to protect domestic MSME sectors.

**Table 3. MSME Perceptions of the Impact of Minister of Cooperatives Regulation No. 3 of 2021 based on survey results**

Perception Category	Percentage (%)
Felt the regulation had a strong impact	17
Felt it had limited impact	50
Did not feel any benefit	33

Source: Survey Data, 2025

Minister of Cooperatives Regulation No. 3 of 2021 provides a framework for MSME empowerment but is perceived by only 17% of MSMEs as significantly impactful, with 33% reporting no tangible benefits. The implementation remains fragmented, and coordination among relevant ministries is minimal. These results reflect the challenges noted by (Njoki, 2020) and (Pandya, 2017), who found that MSME-related policies often suffer from institutional fragmentation and lack of grassroots effectiveness. In practice, support programs are often disconnected from MSMEs' day-to-day realities.

The study reinforces the insights of (Purwaningsih, 2019) and (Maataoui, 2021), who argue that IPR not only protects innovation legally but also serves as a strategic branding and competitive advantage. However, without enforcement and support, this potential remains untapped.

This research contributes a novel framework that integrates IPR protection with trade liberalization policies, highlighting how disjointed policy design can erode MSME resilience in a globalized market. Previous studies such as (Kitching & Blackburn, 1998) tend to treat these issues separately. This study builds on (Kusumaningtyas et al., 2022) (Vardhan & Mahewash Mariyam Alam, 2024) by proposing a systemic, cross-sectoral approach to safeguarding innovation.

#### • Policy Recommendations

In response to the journal's suggestion for a more concrete policy contribution, this study proposes a collaborative model between MSMEs, government agencies, and legal institutions, comprising:

1. Digital-based IPR registration and tracking system to reduce cost and bureaucracy.
2. Legal assistance and coaching clinics integrated with MSME community centers.
3. Coordinated enforcement units combining the Ministry of Trade, IPR Directorate, and regional law enforcement.
4. Public campaigns and school-based IPR education to foster early awareness.

Such a framework aligns with the national agenda of digital transformation and supports the goals outlined by (Nurani et al., 2020) and (Dwirainaningsih et al., 2024) for unified regulatory ecosystems.

#### • Conclusion of Analysis

In conclusion, this study finds that:

1. There is an urgent need to improve IPR literacy and accessibility for MSMEs;
2. The import relaxation policy, without adequate safeguards, disadvantages local producers;
3. Current government interventions have potential but require institutional synergy and practical optimization;

4. A collaborative, integrated policy model is necessary to ensure legal protection and sustainable competitiveness for Indonesian MSMEs in a global market.

## CONCLUSION

Based on the findings and analysis, this study concludes that legal protection for intellectual property rights (IPR) among Micro, Small, and Medium Enterprises (MSMEs) in Indonesia remains inadequate, primarily due to low legal literacy and limited access to registration facilities. The situation is further exacerbated by the implementation of the import relaxation policy (Minister of Trade Regulation No. 8 of 2024), which has intensified competitive pressure from foreign products.

Although regulatory support such as Minister of Cooperatives Regulation No. 3 of 2021 provides a foundation for empowering MSMEs, its implementation remains uneven. Many MSMEs remain vulnerable to piracy, imitation, and loss of market identity due to weak protection mechanisms and ineffective policy outreach.

This research underscores the urgent need for integrated, responsive policies that align trade liberalization with strong IPR enforcement. Strategic actions include simplifying the IPR registration process, expanding legal literacy programs, and enhancing institutional coordination between trade, legal, and MSME development agencies.

As a concrete recommendation, this study proposes a collaborative framework involving MSMEs, government bodies, and legal institutions—centered on digital IPR platforms, legal aid centers, joint enforcement, and early education. Such a model can ensure that MSMEs are not only participants in open markets but also beneficiaries of legal and economic protection, reinforcing their role as a pillar of sustainable national development.

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