
LEGAL PROTECTION OF TRADEMARKS FOR MSME PRODUCTS IN ENHANCING BUSINESS COMPETITIVENESS IN INDONESIA

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ABSTRACT

The purpose of this research is to identify and analyze Legal Protection of MSME Product Trademarks in Enhancing Business Competitiveness in the Market and to examine and analyze the Legal Dispute Resolution Mechanisms Related to Trademark Infringement of MSME Products, while the method applies a normative legal approach with library research, analyzing trademark protection of MSMEs through legislative and conceptual approaches based on relevant secondary data. The findings show that Law Number 20 of 2016 on Trademarks and Geographical Indications provides strong legal protection to registered trademark owners. Owners are granted exclusive rights for ten years and these rights can be extended under the applicable law. In the event of infringement, owners are authorized to file civil lawsuits through the available legal mechanisms, as regulated under Article 83. Such lawsuits may include compensation claims and requests to stop unauthorized use of the mark. Besides litigation in the Commercial Court, dispute resolution is also possible through alternative means such as mediation and arbitration, in order to accelerate settlement. Criminal aspects of trademark protection are regulated under Article 100, which imposes fines and imprisonment for proven violations. This law enforcement aims to create a deterrent effect and protect entrepreneurs from unlawful actions. Collaboration between the government, trademark owners, and business actors is crucial to encourage effective legal protection, enhance the competitiveness of MSME products, and maintain consumer trust in local products circulating in the market.

Keywords: Competitiveness, Trademark, Protection, MSMEs.

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are economic activities carried out by individuals or groups to meet daily living needs. MSME actors come from diverse backgrounds, both as individuals and business entities, producing goods such as food, clothing, crafts, and other products. The classification of MSMEs refers to criteria including the amount of annual income, asset value owned, and the number of workers employed. The overall development of MSMEs reflects the crucial contribution of this

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sector in supporting national economic growth, especially within the rapidly growing creative industry.

The growth of MSMEs in Indonesia shows a positive trend from year to year. According to data from the Ministry of Cooperatives and SMEs, by the end of 2024, the number of MSMEs in Indonesia reached about 64.2 million business units. MSMEs contributed 61.07% to the national Gross Domestic Product (GDP), or equal to Rp9,500 trillion. This significant contribution emphasizes the essential role of MSMEs in maintaining economic stability and creating job opportunities in Indonesia².

The increasing number of MSME actors in Indonesia brings positive impacts on various aspects of the national economy. One of the main benefits that arise is the improvement in the quality of human resources. In addition, the presence of MSMEs also creates more job opportunities for the community. The unemployment rate is predicted to decline along with the increasing capacity of human resources. Investor confidence, both domestic and foreign, also tends to rise because the potential of the MSME sector is considered promising. These economic benefits contribute to accelerating sustainable national development and foster hope that MSMEs will continue showing a positive growth trend³.

The rapid growth of the creative industry amid globalization trends demonstrates the positive movement of Indonesia's economy. Nevertheless, the emergence of irresponsible business actors raises concerns about legal protection for Trademarks. Locally produced creative goods remain vulnerable to counterfeiting due to the weak effectiveness of existing regulations. Law enforcement regarding Trademark violations is still considered suboptimal, leading to an increasing number of infringements each year. Legal protection for Trademarks becomes highly important to maintain competitiveness and the integrity of MSME products in both domestic and international markets.

² <https://www.metrotvnews.com/read/koGCdYO2-umkm-jadi-sektor-andalan-ini-strategi-jitu-biar-naik-kelas>, Diakses Tanggal 19 Maret 2025 Jam 09.00 WIB

³ Nabilah Apriani, Ridwan Wijayanto Said, Upaya Perlindungan Hukum Terhadap Industri Usaha Mikro Kecil dan Menengah (UMKM) di Indonesia, *Jurnal Al Azhar Indonesia Seri Ilmu*, Vol. 03, Nomor 01, Februari 2022, Hlm, 30. <https://jurnal.uai.ac.id/index.php/JAISS/article/view/1069/pdf>

The presence of Trademarks in trade plays a vital role as a safeguard of the reputation built by a company. The importance of such protection becomes more evident because it is closely related to intellectual property rights. Various forms of intellectual property rights, such as Trademark Rights, Copyright, Industrial Design, and Trade Secrets, cannot be separated from business activities. Each form of protection is designed to preserve originality and the commercial value of a product or service. Regulatory uncertainty and weak supervision can negatively impact the business climate, especially for MSMEs growing rapidly across multiple sectors.

A Trademark serves as an identity that distinguishes one good or service from those owned by another company or individual. This differentiating function requires that there be no similarity between one Trademark and another within the same type of product or service. Similarities may arise in terms of origin, characteristics, manufacturing methods, or intended use. The use of a similar Trademark can cause confusion among consumers. Therefore, it is essential for business actors to ensure that the Trademark being used has distinctive features and does not substantially resemble that owned by another party⁴.

The right to a Trademark can only be legally owned if it has been registered with the Directorate General of Intellectual Property. The constitutive principle stipulates that Trademark rights do not automatically arise from usage but from the official registration process. Once a Trademark is registered and recorded, legal protection is automatically granted to its owner. This serves as the basis for the owner to sue other parties who commit infringements. Trademark registration provides legal strength and a strong position in facing various forms of violations, including product counterfeiting or unauthorized use.

⁴ *Laurensius Arliman S*, Perlindungan Hukum Umkm Dari Eksploitasi Ekonomi Dalam Rangka Peningkatan Kesejahteraan Masyarakat, Sekolah Tinggi Ilmu Hukum Padang, *Jurnal Rechts Vinding: Media Pembinaan Hukum Nasional*, Volume 6, Nomor 3, Desember 2017, Hlm, 390. <https://rechtsvinding.bphn.go.id/ejournal/index.php/jrv/article/view/194/166>

A formally registered Trademark makes it easier for the original owner to file a lawsuit in the event of an infringement. Its main advantage is legal certainty as well as protection of exclusive rights over product identity. In legal proceedings, Trademark registration becomes the primary evidence that reinforces the owner's claim. This exclusive right also encourages entrepreneurs to be more confident in developing their businesses. Adequate protection becomes an important factor in safeguarding the continuity and empowerment of business actors, particularly Micro, Small, and Medium Enterprises in Indonesia⁵.

Most Micro, Small, and Medium Enterprise actors in the creative industry sector still have not registered their Trademarks. Ignorance of the importance of Trademarks, limited capital, and the assumption that registration is not too essential become the main obstacles. Many entrepreneurs prioritize short-term financial gain over long-term legal guarantees. This condition indicates the need for broader education regarding the urgency of Trademark protection. The government and relevant institutions hold a strategic role in building awareness of the importance of legal aspects in running businesses.

Some Micro, Small, and Medium Enterprise actors have negative views toward the Trademark registration process. Procedures perceived as complicated, lengthy, and costly are reasons for their disinterest in registering. Such misunderstandings may hinder business development and even create opportunities for other parties to steal ideas or trade names. Entrepreneurs must understand that Trademark registration is not a burden but a form of protection of intellectual assets. This protection will directly impact the security and sustainability of businesses in the long term.

⁵ Sri Indah Haura'nisa, Perlindungan Hukum Ciptakan Peluang Bagi UMKM Pada Perdagangan Bebas Dalam Menghadapi Resesi Global, *Jurnal Hukum*, Volume 53 Nomor 2 Tahun 2023, Jakarta, Hlm, 345. <https://jdih.maritim.go.id/jurnal/perlindungan-hukum-ciptakan-peluang-bagi-umkm-pada-perdagangan-bebas-dalam-menghadapi-resesi-global>

The thought that registering a Trademark requires high costs and difficult procedures can actually bring major losses to entrepreneurs. When a Trademark is not protected, the potential for plagiarism, counterfeiting, and piracy becomes very high. This situation will surely harm the original owner who created and marketed products with great effort. A Trademark is part of intellectual property that carries strategic value. Legal protection for Trademarks is a highly important aspect in maintaining originality and continuity of products introduced to the market.

Trademark rights constitute part of intellectual property rights that guarantee protection of the uniqueness of a product or service. In a business context, this right becomes the legal foundation to protect the identity of products from imitation. The application of Trademark rights for Micro, Small, and Medium Enterprise actors enables them to maintain full control over the business symbols they create. This right not only provides protection but also opens opportunities for business expansion since consumers trust products with legality. This aspect makes Trademark registration a basic necessity in the business world⁶.

The existence of legal protection for Trademarks affects two parties simultaneously, namely producers and consumers. Producers feel secure in marketing their products, while consumers gain assurance that the goods purchased are not counterfeit. Such protection is very important amidst the widespread counterfeiting occurring in various sectors. When Trademarks are protected by law, plagiarism practices can be reduced. A healthy and competitive trade environment can then be established, creating a more conducive and highly competitive business ecosystem both nationally and globally⁷.

⁶ Heru Wardoyo, Pergeseran Transaksi Bisnis Dan Perlindungan Hukum UMKM Menuju Era Digitalisasi, *Jurnal Kolaborasi Sains*, olume 7 No. 10, Oktober 2024, Universitas Muhammadiyah Palu, Hlm, 3818. <https://jurnal.unismuhpalu.ac.id/index.php/JKS/article/view/6256/4586>

⁷ Prita Amalia dan Garry Gumelar Pratama. *Hukum Perjanjian Perdagangan Internasional Kerangka Konseptual dan Ratifikasi di Indonesia*. Bandung: Keni Media, 2020. Hlm, 98

Piracy and product counterfeiting have become serious threats faced by business actors, especially Micro, Small, and Medium Enterprises. This situation creates a major challenge because it can destroy reputation and consumer trust in genuine products. Counterfeit cases are widely found in local markets, particularly in creative industries such as culinary, fashion, and handicrafts. The state bears the responsibility to protect business actors from such violations. A strong protection mechanism will encourage Micro, Small, and Medium Enterprises to be more active in registering their Trademarks⁸.

Indonesia telah memiliki berbagai peraturan perundang-undangan yang mengatur perlindungan kekayaan intelektual. Beberapa di antaranya mencakup Undang-Undang Nomor 28 Tahun 2014 tentang Hak Cipta, Undang-Undang Nomor 14 Tahun 2001 tentang Hak Paten, serta Undang-Undang Nomor 30 Tahun 2001 tentang Rahasia Dagang. Selain itu, terdapat Undang-Undang Nomor 31 Tahun 2000 tentang Hak Desain Industri, Undang-Undang Nomor 32 Tahun 2000 tentang Tata Letak Sirkuit Terpadu, dan Undang-Undang Nomor 20 Tahun 2016 tentang Merek dan Indikasi Geografis. Semua regulasi tersebut menjadi landasan hukum yang sah dalam memberikan perlindungan kekayaan intelektual.

Indonesia already possesses various legislative regulations governing intellectual property protection. Some of them include Law Number 28 of 2014 on Copyright, Law Number 14 of 2001 on Patents, and Law Number 30 of 2001 on Trade Secrets. In addition, there is Law Number 31 of 2000 on Industrial Design Rights, Law Number 32 of 2000 on Integrated Circuit Layout Designs, and Law Number 20 of 2016 on Trademarks and Geographical Indications. All these regulations provide a legitimate legal foundation in granting intellectual property protection.

Law Number 20 of 2016 on Trademarks and Geographical Indications stands as the main legal umbrella regulating Trademark rights in Indonesia. This regulation provides legal certainty regarding the registration, protection, and utilization of Trademarks in commercial activities. Trademarks are

⁸ Wahyono Diphayana. *Perdagangan Internasional*, Yogyakarta: Deepublish, 2018, Hlm, 67

considered valuable assets that carry significant economic value. Trademark protection is crucial to preserve product authenticity and strengthen its position in the market. The presence of this regulation demonstrates the state's commitment to recognizing the importance of intellectual property rights, particularly in supporting businesses of all scales.

The economic aspects of Trademarks make them an essential component of business transactions. Products with registered Trademarks tend to be more appreciated and easily recognized by consumers. Consumer trust increases toward products that have already received legal recognition. This situation creates a positive stimulus for Micro, Small, and Medium Enterprises to compete fairly. Trademark protection serves not only a legal function but also enhances branding and strengthens competitiveness in the global market. A Trademark becomes one of the key determinants of success in expanding business networks⁹.

Knowledge of commercial law forms the background for the emergence of regulations concerning Trademark protection. This concept stems from recognition of copyright, which preceded the development of Trademark rights. Marketed products are not only valued for their functionality but also for aesthetic elements such as designs and logos that distinguish them from others. These visual components fall under intellectual property rights that must be safeguarded. The Trademark registration process also involves protecting these creative aspects. Therefore, Trademark protection covers more than just trade names, but also represents the unique character of the product.

Micro, Small, and Medium Enterprises require strong government support in their efforts to protect Trademark rights. The responsibility of the state is not limited to providing regulations, but also includes delivering education and technical assistance. The government must ensure that the Trademark registration process is accessible and affordable for all business

⁹ Annisa Siregar, Perlindungan Hukum Hak Atas Merek Pada Usaha Mikro Kecil dan Menengah, *Locus Journal of Academic Literature Review*, Volume 1 Issue 3, July 2022, Hlm, 164. <https://jurnal.locusmedia.id/index.php/jalr/article/view/64/60>

actors. This obligation aligns with the constitutional mandate to create a fair and competitive business climate. The support provided will accelerate the transformation of business actors from the informal sector into a formal sector that is more orderly under the law.

The main objective of this study is to analyze the extent of legal protection regulations for Trademarks of Micro, Small, and Medium Enterprise products in Indonesia. The approach used includes analysis from philosophical, juridical, and sociological perspectives. Emphasis is placed on the importance of adaptive regulations responsive to the changing times, as well as the government's ability to implement policies effectively. This analysis is expected to generate strategic recommendations to enhance awareness and legal protection of Trademarks.

2. Reseach Method

This research employs a normative legal approach, also known as the doctrinal method, which is considered the most appropriate to address the study's objectives. This approach was chosen because it can thoroughly describe the regulations on trademark protection for MSME products in Indonesia, viewed from philosophical, juridical, and sociological perspectives. The study applies two primary approaches, namely the statutory approach and the conceptual approach. Through this framework, the analysis will focus on national legal provisions governing intellectual property rights, particularly concerning trademark protection relevant to MSME business activities.

The data in this research are derived from secondary data, namely data already available and accessible through various relevant documents. The type of data used includes the Law on Trademarks and Geographical Indications, scientific literature, academic journals, and online articles directly related to the studied topic. The data collection process is carried out through library research, aimed at identifying and summarizing information from diverse legal sources. This method provides a comprehensive overview of the issues

discussed and enables the researcher to formulate conclusions that are objective and based on the applicable legal framework.

3. Results and Discussion

3.1. Legal Protection of MSME Product Trademarks Can Enhance Business Competitiveness in Markets

The identity of a product or service is often determined by a specific symbol known as a trademark. This trademark is created to provide a clear distinction for products or services produced by a business entity. The primary function of a trademark is to give an overview of the characteristics, quality, and background of such product. In practice, a trademark acts as an intellectual expression that holds commercial value. The proper use of trademarks can help consumers recognize and select goods based on perceived value or producer's reputation. The graphic and symbolic elements of trademarks become essential factors within modern marketing strategies¹⁰.

The existence of a trademark is not only beneficial for companies as producers but also provides certain values for consumers. Producers utilize trademarks to establish distinctions between their own goods and competitors' products within the same market. Strategic placement of trademarks contributes to building customer loyalty and market recognition. For consumers, trademarks are frequently considered a measure of prestige or quality when choosing products. The impression created by a trademark can significantly influence purchase decisions. Therefore, a trademark is not merely a symbol but also a representation of business image and corporate identity.

¹⁰ Wuri Sumampouw, Kana Kurnia, Imam Ridho Arrobi, Perlindungan Hukum Terhadap Usaha Mikro Kecil dan Menengah Pasca Pemberlakuan Undang-Undang Nomor 11 Tahun 2020 tentang Cipta Kerja, *Jurnal De Jure*, Volume 13 Nomor 1 April 2021, Universitas Mulia Balikpapan, Hlm, 26. <https://jurnal.law.uniba-bpn.ac.id/index.php/jurnaldejure/article/view/506>

A trademark constitutes one of the company's most valuable assets and possesses its own selling power. The economic value of a trademark may exceed the actual value of the goods since it is closely connected with corporate reputation. Over the long term, a strong trademark can attract investment, expand market share, and reinforce a company's competitiveness. The strategic significance of trademarks makes them inseparable components of long-term business plans. A widely recognized trademark will be more easily accepted by consumers when the company introduces a new product. The trust established through trademarks becomes the main capital within business expansion.

Trademark protection holds a highly significant position within intellectual property law frameworks. Legally protected trademarks can prevent misuse by other parties seeking illegitimate profit. Legal recognition of trademarks aims to preserve product authenticity and safeguard product identity integrity. Without protection, the likelihood of counterfeiting increases greatly, harming both producers and consumers. Regulations concerning trademarks are formulated to reduce fraudulent practices committed by irresponsible business actors. Protection of trademarks becomes crucial, particularly within the context of increasingly intense business competition¹¹.

Micro, small, and medium enterprise actors are one of the groups most vulnerable to trademark violations. Their greatest fear is the emergence of irresponsible parties that counterfeit their trademarks. Counterfeiting practices are carried out to gain huge profits with very little capital. Counterfeiters usually exploit the weakness of legal protection over unregistered trademarks. Such risks become serious threats for small businesses struggling to build their market identity. Preventive efforts through trademark registration are highly important so that they do not become victims of unfair business competition practices.

¹¹ Amalia, Euis. Transformasi Nilai-Nilai Ekonomi Islam dalam Mewujudkan Keadilan Distributif bagi Penguatan Usaha Kecil Mikro di Indonesia, *Jurnal Al-Iqtishad*, III (1) Januari 2011, Hlm, 4.

Trademarks are included in the category of intellectual property that receives full protection under the national legal system. Regulations concerning trademarks are contained within the Trademark and Geographical Indications Law. Article 1 paragraph 1 explains that trademarks cover various forms such as images, logos, words, letters, numbers, colors, sounds, and even three-dimensional shapes. These elements are used to differentiate products or services offered by individuals or legal entities. The combination of those elements creates a unique identity that becomes the distinctive feature of goods or services in trade. The ultimate purpose is to provide clarity and protection for consumers.

There are two types of trademarks legally recognized, namely trade marks and service marks. A trade mark refers to the identity attached to products or goods that are to be marketed. A service mark refers to the identity related to services offered by an individual or business entity. Both have the same legal value and must be protected against every form of infringement. This classification helps simplify administrative procedures for registration and legal supervision. The distinction between these two trademark types is significant to avoid overlap or errors in applying the law. Understanding trademark classification helps to clarify the scope of legal protection¹².

Trademark rights are only obtained if registration is officially carried out with the authorized institution. The Directorate General of Intellectual Property is the agency that has the authority to receive, verify, and determine the status of trademark registration. Once a trademark is accepted and registered, the owner acquires exclusive rights over the use of that trademark. These exclusive rights grant full authority to the owner to manage, utilize, and grant permission for use to other parties. Registration becomes the first step to obtain effective legal protection.

¹² Rio Wilantara dan Susilawati, *Strategi dan Kebijakan Pengembangan UMKM: Upaya Meningkatkan Daya Saing UMKM Nasional di Era MEA*, Bandung: Refika Aditama, 2016. Hlm, 76

Without this process, the owner does not possess a strong legal basis to sue in case of violation¹³.

Registered trademark owners have the freedom to use their own trademarks or grant usage rights to other parties. This flexibility provides significant business advantages because trademarks can serve as objects of licensing or business cooperation. Such exclusive rights not only protect owners from misuse but also encourage innovation and business growth. The system allows owners to expand their trademarks both legally and commercially. This provision aligns with the principles of intellectual property protection aimed at encouraging the creation of original works. Regulations concerning trademark protection constitute an essential component within the national legal system.

Recognition of trademark rights also functions as a preventive measure against fraudulent actions by other parties. Counterfeiting practices and plagiarism pose serious threats to legitimate trademark owners. Legal protection provides a sense of security and guarantees ownership of trademarks. When violations occur, owners may use registration as valid evidence during legal proceedings. This procedure enables owners to pursue formal legal channels and obtain justice. Legal recognition also helps maintain market integrity and strengthen consumer confidence. Legal certainty of trademark ownership becomes an essential capital for sustaining business existence¹⁴.

Strengthening trademark protection cannot be separated from the theory advanced by Philipus M. Hadjon regarding legal protection. In his theory, it is explained that legal protection of individual rights is divided into two, namely preventive protection and repressive protection. Preventive protection is implemented before violations occur, while repressive protection is provided after rights have been infringed. Both

¹³ Abdul Halim. "Pengaruh Pertumbuhan Usaha Mikro, Kecil dan Menengah Terhadap Pertumbuhan Ekonomi Kabupaten Mamuju". *GROWTH: Jurnal Ilmiah Ekonomi Pembangunan*, Volume 1, Nomor 2, 2020, 157

¹⁴ TNP2K, *Tim Kebijakan Peningkatan Kapasitas Ekonomi. Pemetaan Program Pemberdayaan Usaha Mikro, Kecil, dan Menengah (UMKM)*. Jakarta: TNP2K, 2020. Hlm, 31

forms of protection are applied within the trademark context to guarantee justice and legal certainty for legitimate owners. The implementation of this theory supports the state's efforts to establish a fair legal system and comprehensively safeguard intellectual property¹⁵.

Preventive protection of trademarks is realized through an official registration mechanism at a state institution. Registration provides valid evidence of ownership that can prevent other parties from using the same or similar trademarks. This action is very important, especially in the context of open and competitive trade. With registration, the owner has legal authority to conduct supervision and restrict unauthorized use. The government also plays an active role through regulation and counseling regarding the importance of trademark protection. Prevention becomes a strategic step to create a healthy business climate and guarantee rights to intellectual creations.

Repressive protection of trademarks is carried out when there is a violation of rights already owned by the registered owner. This step is taken through legal proceedings in court with evidence in the form of a registration certificate. The owner can sue the infringer to be punished in accordance with the provisions of the legislation. Law Number 20 of 2016 on Trademarks and Geographical Indications provides a juridical basis for the process of law enforcement. Repressive efforts function as a form of state assertion against violations of intellectual property rights. This process also becomes a lesson so that business actors respect the intellectual rights belonging to others.

Law Number 20 of 2016 provides a clear definition of a trademark as a sign that can be graphically displayed. Such sign may take the form of pictures, logos, names, letters, numbers, or arrangements of colors in two or three dimensions. This definition provides wide room for business actors to develop product identities creatively. Positive law guarantees

¹⁵ Romi Atmasmita, *Teori Hukum Integratif: Rekonstruksi Terhadap Teori Hukum Pembangunan dan Teori Hukum Progresif*. Genta Publishing, Yogyakarta, 2012, Hlm, 45

certainty over such rights as long as registration is carried out legally. When a trademark has been registered, no other party may use or imitate it without approval. The obligation of the state is to ensure that this right remains respected.

Article 3 of Law Number 20 of 2016 states that trademark rights are valid for ten years from the filing date and may be extended. This provision provides sufficient time for owners to optimally utilize their trademarks. In business practice, such duration is enough to build reputation and customer loyalty. After the validity period ends, the owner must apply for renewal so that exclusive rights remain valid. If renewal is not carried out, trademark rights will lapse and become public property. This regulation teaches the importance of maintaining legality of trademarks as a form of legal responsibility.

Unregistered trademarks will face major risks, especially when disputes occur in the market. When a dispute arises, owners without registration evidence will face difficulty proving their rights. Official registration becomes a valid legal instrument to show that the trademark is exclusively owned. The registration system becomes a reliable protection form in facing business competition. Legal awareness of business actors regarding the importance of registering trademarks needs continuous improvement. The government, through the Directorate General of Intellectual Property, also plays a role in conducting socialization and legal education for the wider community.

Legal protection of trademarks benefits not only owners but also consumers. Consumers will feel safe when purchasing branded products that have been registered and legally protected. Such protection serves as assurance that the product comes from an authorized and trustworthy source. Product authenticity becomes an important aspect in building consumer trust towards producers. Without legal protection, consumers may be deceived by counterfeit goods causing economic and health losses.

Therefore, trademark protection has a social dimension that broadly impacts order and justice in economic activities¹⁶.

Article 83 of Law Number 20 of 2016 grants rights to the registered trademark owner to file a lawsuit against parties using the trademark without permission. The lawsuit may consist of compensation claims or requests to stop the use of the trademark by the infringer. This procedure provides concrete legal power to the owner in defending their rights. Violation of a trademark constitutes an unlawful act that must be firmly addressed. Law functions as an instrument to maintain balance between the interests of right holders and the interests of society. Consistent law enforcement becomes the key to successful protection of intellectual property rights.

Strengthening the trademark protection system requires synergy between the government, business actors, and society. The government is tasked with providing clear legal instruments that can be effectively implemented. Business actors are responsible for registering and protecting their trademarks from misuse. Society needs to be educated to respect and support protection of intellectual rights. Collaboration among these three elements creates a legal environment conducive to innovation and economic growth. Without good cooperation, trademark protection will be less optimal and vulnerable to violations. The legal system must stand for justice and comprehensive protection.

Trademark protection must continue to develop in line with the dynamics of technology and global trade. Digitalization has opened new opportunities as well as challenges in safeguarding trademark rights. Many violations occur on digital platforms such as social media and e-commerce. Regulations need strengthening to cover the digital sphere and provide effective protection. The government is expected to adapt legal rules relevant to current conditions. Adaptive legal protection will

¹⁶ Ahmad Suryana, *Pengembangan Kewirausahaan untuk Pemberdayaan UKM Daerah*. Edisi 1. Cetakan Ke-1. Yayasan Pustaka Obor Indonesia, Jakarta. 2018, Hlm, 87

encourage business actors, including micro, small, and medium enterprises, to be more active in maintaining and developing their trademarks sustainably.

3.2.Mechanism of Legal Dispute Resolution Related to Trademark Infringement on MSME Products

Violations of trademarks owned by Micro, Small, and Medium Enterprises require serious legal handling. The dispute settlement mechanism becomes an important step to provide adequate protection for the rightful trademark owner. In practice, resolution can be carried out through litigation or non-litigation channels. The court has the authority to adjudicate trademark infringement cases in accordance with the provisions of the Trademark and Geographical Indication Law. Alternative dispute resolution is also available, such as mediation and arbitration, which can accelerate the process and reduce costs.

Trademark disputes on Micro, Small, and Medium Enterprises' products often occur due to lack of understanding of the importance of registration. When an infringement occurs, registered trademark owners hold a stronger legal position to claim compensation. Dispute resolution may begin with filing a lawsuit in the Commercial Court. This process allows the judge to impose sanctions, including halting production or distribution of infringing goods. Such protection is very important to maintain business continuity, especially for small entrepreneurs who are vulnerable to unfair practices¹⁷.

Law Number 20 of 2016 concerning Trademarks and Geographical Indications provides a clear legal basis related to dispute resolution. In Article 83 it is stated that registered trademark owners have the right to file civil lawsuits against parties using trademarks without permission. This right includes claims for damages and cessation of all infringing activities.

¹⁷ Lathifah Hanim, MS. Noorman, *UMKM Usaha Mikro, Kecil, & Menengah & BentukBentuk Usaha Jawa Tengah*: UNISULLA PRESS, 2018, Hlm, 78

The provision gives clarity regarding legal remedies available for business actors. This mechanism also becomes a tool for the state to guarantee intellectual property rights fairly and efficiently.

Lawsuits for trademark infringement must be filed with the Commercial Court which has special jurisdiction to handle such matters. The Commercial Court was established to accelerate and simplify dispute resolution in the field of intellectual property. Procedures that are simpler compared to general courts make it easier for entrepreneurs to access justice. The existence of this court becomes an important means to strengthen protection for small businesses. Micro, Small, and Medium Enterprises can obtain justice without going through excessively long and costly proceedings.

Trademark disputes do not always have to be resolved through the court. Alternative Dispute Resolution such as mediation or arbitration may be a more flexible and efficient choice. This mechanism is regulated under Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution. In the context of trademark infringement, parties may agree to resolve the problem through this channel without resorting to litigation. The advantages of this method include confidentiality of the process, lower costs, and faster time of resolution¹⁸.

Mediation as one form of non-litigation dispute resolution allows disputing parties to reach an agreement through the assistance of a third party. In this context, the mediator will help the parties find a mutually beneficial solution. Supreme Court Regulation Number 1 of 2016 concerning Mediation Procedures in Court serves as the reference for conducting mediation. This process may be carried out before or during trial proceedings. In many cases, mediation has proven effective in resolving conflicts without the need for lengthy hearings in court.

¹⁸ Muhammad Arbani, Aspek Hukum Perlindungan Umkm Dalam Penjualan Di E-Commerce: Tantangan Dan Solusi Di Era Digital, *Jurnal Syintax Kekaguman*, Vol. 6 No. 2 (2025), Hlm, 675. <https://jurnalsyntaxadmiration.com/index.php/jurnal/article/view/2115>

Arbitration is also an alternative route used in resolving trademark disputes. Arbitration provides a final and binding decision, which cannot be appealed. The choice of arbitration forum is usually stated in the agreement between the parties involved in a business contract. In this case, arbitration institutions such as the Indonesian National Arbitration Board have the authority to settle disputes based on agreed provisions. Arbitration becomes the right choice when parties wish to avoid publicity and safeguard their business reputation.

The role of the Directorate General of Intellectual Property is very important in handling trademark infringements of Micro, Small, and Medium Enterprises' products. This institution has the authority to conduct administrative investigations upon receiving infringement reports. Trademark owners may submit complaints if they believe their rights have been violated. Based on the provisions of the Trademark and Geographical Indication Law, the Directorate General of Intellectual Property may recommend legal or administrative measures as follow-up. This step aims to prevent greater losses for trademark holders.

Trademark violations not only have legal consequences but also affect the economic value and reputation of products. Micro, Small, and Medium Enterprises' products that are counterfeited or imitated may suffer a decline in consumer trust. Therefore, dispute resolution must be viewed as part of the protection of business actors' economic assets. The state has an obligation to provide maximum protection so entrepreneurs do not lose markets due to dishonest practices. Consistent law enforcement can enhance the sense of security in entrepreneurship.

In efforts to strengthen legal protection, the government needs to provide legal assistance for Micro, Small, and Medium Enterprises facing trademark disputes. Access to legal aid remains a challenge, particularly for entrepreneurs in remote regions. The government may cooperate with legal aid organizations and universities to provide free consultation services. With legal support, business actors will have the courage to claim

their rights. This policy also promotes economic development based on justice and inclusiveness.

The government may also establish a special dispute resolution center in the field of intellectual property. This institution will serve as a consultation and initial mediation forum before cases are filed in court. The existence of such a center will accelerate dispute resolution and reduce the burden on courts. In addition, entrepreneurs will better understand the legal procedures that can be taken. Legal education can also be conducted regularly through the center. This institution can serve as a bridge between business actors and the national legal system.

Legal literacy among Micro, Small, and Medium Enterprises needs to be improved so they understand the importance of trademark registration and dispute resolution mechanisms. Many entrepreneurs remain unaware of the legal rights inherent in trademarks. Public campaigns and legal training can be organized by government agencies. This education aims to equip entrepreneurs with sufficient knowledge to protect their intellectual assets. Thus, they will not easily become victims of infringement. Synergy among government, academics, and the private sector is strongly needed in addressing trademark disputes in the Micro, Small, and Medium Enterprises sector.

Such collaboration creates a legal ecosystem more responsive to the needs of small entrepreneurs. Academics can contribute through research and legal counseling. The government formulates policies that support intellectual property protection. Meanwhile, the private sector may provide technical assistance in registration or legal defense processes. Cross-sector cooperation will strengthen the overall legal protection system¹⁹.

In handling trademark violations, law enforcement officers must have a strong understanding of intellectual property law. Special training for police, prosecutors, and judges needs to be conducted regularly. Thus,

¹⁹ Widodo Ramadhana, Pengaturan Hukum Usaha Mikro Kecil Dan Menengah (UMKM) Berdasarkan Keadilan Ekonomi, *Jurnal Hukum Bisnis Islam*, Volume 13, Nomor 02, Desember 2023. Hlm 253. <https://jurnalfsh.uinsa.ac.id/index.php/maliyah/article/view/2171/1179>

the investigation and judicial process can proceed fairly and professionally. Many trademark violation cases are not properly handled due to limited officer capacity. Therefore, capacity building becomes an urgent necessity. Professionalism of law enforcement is the key in creating legal certainty for entrepreneurs. Deliberate trademark infringement can be categorized as a criminal act. Under the Trademark and Geographical Indications Law, Article 100, violations causing losses may face criminal sanctions. Punishment may include fines or imprisonment, depending on the severity and impact. Criminal proceedings may be filed alongside civil lawsuits, making legal protection more optimal. Criminal enforcement has a deterrent effect and prevents similar violations in the future.

Micro, Small, and Medium Enterprises must be encouraged to report any suspected trademark violations to the competent authorities. The reporting process can be carried out through the Directorate General of Intellectual Property or law enforcement agencies. In the report, the complainant must include sufficient evidence to show the existence of a violation. With the report, the authorities can promptly follow up on the case. Quick and responsive action from officers is necessary to prevent further losses.

The monitoring mechanism against trademark violations must be strengthened through inter-agency cooperation. The Food and Drug Supervisory Agency, the Police, and the Directorate General of Intellectual Property must work synergistically. Preventive actions such as raids and market inspections can be conducted to find infringing products. Active monitoring will create a healthy and competitive business climate. The existence of a strong monitoring system also increases business actors' trust in the legal framework. Trademark violators often exploit legal loopholes to avoid accountability. Therefore, strengthening regulations becomes essential in protecting Micro, Small, and Medium Enterprise products.

The government needs to review existing regulations and adjust them with technological developments. Digital products and online trade create potential new violations not yet anticipated legally. Regulatory updates will strengthen the national legal system in addressing contemporary challenges.

Providing incentives for business actors who actively register their trademarks can raise legal awareness. The government can offer reduced registration fees or awards to outstanding entrepreneurs. Such incentives motivate maintaining product originality and prevent plagiarism. This step also supports national programs to increase the number of registered local trademarks. Affirmative policies like this contribute to strengthening the creative economy based on intellectual property.

The settlement of legal disputes related to trademark violations on Micro, Small, and Medium Enterprise products requires support from a fair and accessible legal system. All parties must cooperate to create a simple, affordable, and fast mechanism. The government needs to act as both facilitator and protector of business actors' rights. Optimal protection will enhance competitiveness and sustainability of small enterprises. Favoring micro business actors is part of the national economic development strategy that is inclusive and equitable.

4. Conclusion

Law Number 20 of 2016 grants exclusive rights to registered trademark owners for ten years and allows renewal. Trademark holders are entitled to file lawsuits for infringements, including claims for compensation and cessation of unauthorized use in accordance with Article 83. Dispute settlement of trademark violations involving MSMEs may be pursued through the Commercial Court, mediation, or arbitration under applicable regulations. Criminal law enforcement with penalties of fines and imprisonment is stipulated in Article 100, supporting effective trademark protection.

Cooperation between the government and business actors is crucial to enhance product competitiveness and maintain consumer trust.

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