



Legal Analysis of the Application of the Principle of Substantive Equality Regarding the Starbucks Trademark Between “Starbucks Corporation” and “PT. Sumatra Tobacco Trading Company” (Case Study: Supreme Court Cassation Decision No. 836K.Pdt.Sus-HKI/2022)

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ABSTRACT

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This study aims to analyze the judge's decision and considerations in the trademark dispute between Starbucks Corporation and PT. Sumatra Tobacco Trading Company, as decided in Supreme Court Decision Number 836K/PDT.SUS-HKI/2022. This trademark dispute is interesting to study because the Supreme Court stated that PT. Sumatra Tobacco Trading Company had committed trademark imitation or piggybacked on a well-known trademark, even though the trademark registered by the defendant was in a different class of goods from the plaintiff's trademark. This study is a normative juridical study that uses both legal and case approaches. The results show that the Supreme Court, in its decision, considered PT. Sumatra Tobacco Trading Company's actions are not based on good faith, even though the registered trademark is in a different class of goods.

1. INTRODUCTION

A trademark, as part of Intellectual Property Rights (IPR), is essentially a sign that serves to distinguish the origin of goods or services between one company and another. In the world of commerce, a trademark is of utmost importance as both an identity and a guardian of quality; through a trademark, businesses not only guarantee the quality of the products or services they produce but also protect against unfair competition practices aimed at capitalizing on an established reputation.(Belardo Prasetya Meega Jaya, Mohamad Fasyehhudin, 2022). Additionally, a trademark serves as a

promotional and marketing tool that provides consumers with information regarding the quality and origin of the goods or services offered. (Fathiya Al'Uzma, OK. Saidin, T. Keizerina Devi Azwar, 2023)

Legally, a trademark is defined as a distinctive sign, used in the trade of goods and/or services. Pursuant to Article 1(1) of Law No. 20 of 2016 on Trademarks and Geographical Indications (MIG), a trademark is defined as a sign that can be graphically represented in the form of an image, logo, name, word, letter, numbers, color combinations, in two-dimensional and/or three-dimensional forms, sounds, holograms, or a combination of two or more of these elements to distinguish goods and/or services produced by individuals or legal entities in the trade of goods and/or services. (Bintang et al., 2020). A trademark is not merely a distinguishing mark; it also reflects the distinctive character inherent in a company.

The development of brands in Indonesia has seen an increase in line with the rapid use of information and communication technology. The ease of accessing information allows consumers to assess a brand's advantages before making a choice. This situation has driven brand owners to compete fiercely to gain public trust. However, on the other hand, this situation is sometimes exploited by parties acting in bad faith, such as through trademark counterfeiting (Wibowo, 2023). Such imitation not only harm the original brand owner but can also mislead consumers and disrupt a healthy business competitive environment. Therefore, brand registration efforts are a crucial preventive measure (Sinaga, 2020).

Trademark registration is a form of legal protection against the possibility of bad-faith parties. However, it is not uncommon for registered trademarks to still leave room for potential disputes. One such case is outlined in the Supreme Court's Cassation Ruling No. 836K/PDT.SUS-HKI/2022. This case began when Starbucks Corporation, an American coffee company, sued PT. Sumatra Tobacco Trading Company (STTC), a cigarette company based in Pematangsiantar, North Sumatra. STTC had registered the STARBUCKS trademark for Class 34, covering various tobacco and cigarette products, since September 10, 2012, with a validity period until September 10, 2022. This dispute serves as an ideal case study to test the depth and consistency of the application of the principle of substantial equivalence within the Indonesian legal system.

Historically, Starbucks Corporation, established in 1971, has built an extraordinary global reputation as a specialty coffee company. This fact raises fundamental questions regarding STTC's registration of the STARBUCKS trademark, given that the STARBUCKS brand is widely recognized globally. According to the provisions of Law No. 20 of 2016 on Trademarks and Geographical Indications, registration of a trademark with a well-known reputation should be rejected. However, the Directorate General of Intellectual Property (DJKI) still accepted STTC's application. Under Indonesia's trademark legal system, there is actually no absolute prohibition against anyone filing a trademark registration. However, the process does not automatically receive approval as it involves a series of time-consuming stages (Edyson et al., 2024). Suspected of engaging in free-riding, Starbucks Corporation subsequently filed a lawsuit with the Central Jakarta Commercial Court. In its lawsuit, Starbucks Corporation challenged the existence of the STARBUCKS cigarette brand, which it deemed harmful. STTC itself is the party legally registered with the Ministry of Law and Human Rights as the owner of the STARBUCKS trademark under IDM000342818 for class 34.

Previously, Starbucks Corporation had also filed a trademark cancellation lawsuit with the Jakarta Commercial Court on the grounds of bad faith. However, STTC rejected this argument, stating that Starbucks Corporation had allowed the registration to stand for nearly twenty years (20 years) since the initial filing. This inaction was deemed detrimental to the party that was subsequently sued. Furthermore, in its legal reasoning, the panel of judges focused on the difference in product classes (Class 30 for coffee vs. Class 34 for cigarettes), and this difference was deemed significant enough to eliminate the potential for consumer confusion. Consequently, the trial court ruled to dismiss Starbucks Corporation's lawsuit. Dissatisfied with this decision, Starbucks Corporation filed an appeal with the Supreme Court.

Based on the above, the legal issue that arises is whether the Supreme Court's reasoning in the cassation decision aligns with the laws governing trademark cancellation. This trademark dispute between Starbucks coffee and Starbucks cigarettes is worth examining because it touches on the provisions of Article 21(1)(c) of the Trademark Law, which states that a trademark application may be rejected if it bears a substantial resemblance to a well-known trademark

owned by another party, even if the goods or services being registered are not of the same type, provided certain requirements are met.

2. RESEARCH METHOD

This research employs a normative legal/juridical method. The juridical approach refers to the application of existing laws and regulations, while the normative approach focuses on research utilizing secondary legal data (Safrudin et al., 2023). The method employed involves searching for, collecting, and analyzing legal materials, including primary legal materials such as trademark-related laws and regulations, secondary legal materials such as books and journals, and tertiary legal materials such as dictionaries. The approach in this study employs a statutory approach, which involves examining all laws or regulations relevant to the issue under investigation. The law used in this study is Law No. 20 of 2016 on Trademarks and Geographical Indications.

This study employs a normative legal approach because the author will analyze the legal norms pertaining to trademarks in relation to the ruling in trademark dispute case No. 836K/PDT.SUS-HKI/2022. This method allows the author to examine the applicable laws and legal principles within the Indonesian legal system, thereby eliminating the need for field research or direct investigation. This approach is crucial for tracing how the norms enshrined in the law are applied and interpreted within the context of trademark-related issues. Additionally, the statutory approach enables the author to evaluate the alignment between existing regulations and prevailing legal practices.

3. RESULT AND DISCUSSION

Currently, trademarks are one of the key elements in the world of commerce because they serve as an identity that distinguishes one company from another (Rahaditya et al., 2023). According to Article 1(1) of Law No. 20 of 2016 on Trademarks and Geographical Indications (MIG), a trademark is defined as a sign that can be graphically represented in the form of an image, logo, name, word, letter, number, color arrangement, 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 the trade of goods and/or services. (Wijanarko & Pribadi, 2022).

Companies with a good reputation built on their brands are vulnerable to issues related to trademark protection, particularly trademark infringement, which remains common in Indonesia. Trademark disputes can arise due to various factors such as similarity in logo names, trademark registration in bad faith, unfair business competition practices, infringement of intellectual property rights, the controversial application of the “first to file” principle, and business expansion into new territories (Vika Husnul Khotimah, 2022). These factors often serve as the primary triggers for conflicts in trademark use, which then form the basis for the aggrieved party to file a lawsuit. Consequently, trademark disputes are inevitable, involving legal proceedings to determine which party is entitled to the trademark. (Maria Fransina Matulessy, Hulman Panjaitan, 2022) The party feeling aggrieved by such a dispute may file a trademark cancellation request as a legal step to protect the rights to the trademark deemed infringed.

Trademark cancellation may occur for several reasons, including the failure to comply with the “first-to-file” system, where under this system, trademark rights are granted to the party that first files for registration, not to the party that first uses the trademark in commercial activities (Cahyadi et al., 2023). Additionally, the principle of substantial similarity serves as one of the main foundations of trademark law in Indonesia.(Fitria & Masnun, 2024). This principle is used to assess whether a trademark for which registration is sought bears essential similarity to another registered or well-known trademark, thereby potentially causing confusion among consumers (Ismelina & F.R., 2023). In trademark law doctrine, similarity is not only assessed from visual, phonetic, or conceptual aspects but also from the overall impression created by the trademark

In the dispute between Starbucks Corporation and PT. Sumatra Tobacco Trading Company (STTC), the Supreme Court in Decision No. 836K/PDT.SUS-HKI/2022 conducted an in-depth assessment of the element of substantial similarity. The STARBUCKS trademark registered by STTC for Class 34 (cigarettes and tobacco products) was found to be conceptually and phonetically similar to the well-known STARBUCKS trademark owned by Starbucks Corporation in Class 30 (coffee and related products). Although these two trademarks are used in different classes of goods, the Supreme Court held that the high degree of similarity, coupled with the global reputation of the Starbucks Corporation trademark, leads the public to associate the trademark with its original owner.(Ananda Bunga Neesya, Disie Sugihastuti D, Gita Amelia L,

Marsaulina A. Sihombing, Suci A, 2025). It is important to note that previously, the Central Jakarta Commercial Court at the first instance ruled otherwise. The panel of judges at the first instance tended to adopt a strict goods classification approach, arguing that coffee and cigarettes are two distinct types of products are distinct, have different distribution channels, and target different consumers. (Dina Agusti Rahayu, 2024). This approach reflects a traditional understanding of trademark law that relies heavily on the Nice Classification system. However, the Supreme Court, in the cassation stage, adopted a more progressive approach by setting aside differences in goods classes as the sole factor.

The Supreme Court held that an approach relying solely on differences in goods classes is no longer relevant in the era of modern commerce, where multinational corporations frequently engage in cross-sector product diversification (Geografis et al., 2022). In this context, well-known trademarks such as STARBUCKS are not only recognized as coffee brands but have become symbols of a lifestyle and a reputation for quality inherent in the name STARBUCKS itself. Therefore, the use of the same trademark by another party, even for different products, can still undermine the exclusivity and reputation of the well-known trademark. (Habiby et al., 2023) The Supreme Court's ruling explicitly refers to Article 21(1)(c) of Law No. 20 of 2016 on Trademarks and Geographical Indications (TMGI Law). That provision states that a trademark application shall be rejected if the trademark is substantially similar to a well-known trademark owned by another party for similar goods and/or services (Herningtyas et al., 2025). However, this provision has evolved through case law and judicial interpretation to hold that protection for well-known trademarks may extend across classes, particularly where there are elements of bad faith and a potential for confusion among the public.

The following is a comparison of the two different types of goods bearing the STARBUCKS trademark:

Comparison Table of Plaintiff's and Defendant's Products

PLAINTIFF'S PRODUCTS	DEFENDANT'S PRODUCTS
	
Starbucks coffee	Starbucks cigarettes

Based on the image above, it is evident that the fonts and the phonetic similarity of the brand names—S-T-A-R-B-U-C-K-S—are identical. Although the two brands above do not bear a resemblance as a whole, they essentially share similarities in pronunciation and spelling; therefore, it can be argued that STTC acted in bad faith by taking advantage of the reputation built by the well-known brand. This bad-faith practice can disrupt the market and mislead consumers, even though the products are not physically identical.

4. CONCLUSION

In Supreme Court Decision No. 836K/PDT.SUS-HKI/2022, it is affirmed that the principle of substantial similarity is not only assessed based on visual aspects and product classification but also encompasses phonetic, conceptual, and brand reputation similarities. The Supreme Court found that PT. Sumatra Tobacco Trading Company acted in bad faith by registering the STARBUCKS trademark for cigarette products without a logical business rationale, thereby violating Article 21(1)(c) of Law No. 20 of 2016. This ruling expands cross-class protection for well-known trademarks, limits the absolute application of the “first to file” principle, and makes a significant contribution to the development of trademark law doctrine in Indonesia. With this ruling, judges in the future are expected to no longer be confined to a purely formalistic approach but to be able to consider elements of global reputation and bad faith more comprehensively. Furthermore, this decision also serves as a strong foundation for the Directorate General of Intellectual Property (DJKI) to be more selective in approving trademark registration applications that potentially imitate well-known trademarks, even if filed for different classes of goods. Ultimately, legal certainty for owners of both national and international well-known trademarks is better

guaranteed, thereby fostering a healthy and conducive business climate in Indonesia.

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