



Trademark Protection for MSMEs in Supporting the Creative Digital Economy

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Abstract. This study examines Indonesia's legal framework for trademark protection of MSMEs in the creative economy, its implementation in North Sumatra, and necessary policy improvements. Using a mixed-method design qualitative interviews and observations combined with a quantitative Likert-based survey of 204 MSMEs the research analyzes Law No. 20 of 2016 and Law No. 20 of 2008 as normative foundations. Findings show that while Indonesia provides a comprehensive framework, implementation remains weak. Empirical data reveal that 87.2% of MSMEs have not registered trademarks, 6.9% are registered, and 5.9% are in process. Barriers include low legal awareness, complex procedures, weak enforcement, institutional limitations, and technical issues in digital systems. MSMEs that registered trademarks acknowledge their importance for brand protection and market recognition. Strengthening trademark protection requires reforms such as simplified registration, enhanced legal education, institutional coordination, financial incentives, stronger enforcement, and optimized digital platforms.

Keywords: Creative Economy, Legal Implementation, Indonesia, MSMEs, Trademark Protection.

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Abstrak. *Studi ini meneliti kerangka hukum Indonesia untuk perlindungan merek dagang UMKM di sektor ekonomi kreatif, implementasinya di Sumatera Utara, dan perbaikan kebijakan yang diperlukan. Dengan menggunakan desain metode campuran berupa wawancara kualitatif dan observasi yang dikombinasikan dengan survei kuantitatif berbasis Likert terhadap 204 UMKM, penelitian ini menganalisis Undang-Undang No. 20 Tahun 2016 dan Undang-Undang No. 20 Tahun 2008 sebagai landasan normatif. Temuan menunjukkan bahwa meskipun Indonesia menyediakan kerangka kerja yang komprehensif, implementasinya masih lemah. Data empiris mengungkapkan bahwa 87,2% UMKM belum mendaftarkan merek dagang, 6,9% telah terdaftar, dan 5,9% sedang dalam proses. Hambatan meliputi kesadaran hukum yang rendah, prosedur yang kompleks, penegakan hukum yang lemah, keterbatasan kelembagaan, dan masalah teknis dalam sistem digital. UMKM yang telah mendaftarkan merek dagang mengakui pentingnya merek dagang untuk perlindungan merek dan pengakuan pasar. Penguatan perlindungan merek dagang membutuhkan reformasi seperti penyederhanaan pendaftaran, peningkatan pendidikan hukum, koordinasi kelembagaan, insentif keuangan, penegakan hukum yang lebih kuat, dan platform digital yang dioptimalkan.*

Kata kunci: *Ekonomi Kreatif, Implementasi Hukum, Indonesia, UMKM, Perlindungan Merek Dagang.*

1. Introduction

The rapid growth of the creative economy and digital economy has changed the way economic value is created. Today, business competitiveness depends not only on physical resources but also on knowledge, creativity, innovation, and intellectual property. In this environment, micro, small, and medium enterprises (MSMEs) play an important role in creating employment, supporting regional development, and promoting sustainable economic growth. Many creative-economy MSMEs rely on branding, product innovation, and consumer trust to compete in the market¹. Therefore, intellectual property rights (IPRs), particularly trademarks, have become valuable business assets that help enterprises distinguish their products, build consumer confidence, and strengthen their market position.²

At the same time, the rapid development of digital technology has created both new opportunities and new challenges for trademark protection. E-commerce platforms, digital marketplaces, and social media allow MSMEs to reach wider markets with lower business costs. However, these platforms also increase the risk of trademark infringement through online counterfeiting, cybersquatting, unauthorized use of business names, and brand impersonation.³ Recent studies also show that artificial intelligence (AI) can support trademark protection by detecting infringement and assisting enforcement activities.⁴ Nevertheless, AI also raises new legal issues, including algorithmic bias, transparency, and accountability in

¹ Endang Purwaningsih, "Empowerment model of micro, small, and medium enterprises (Msmes) village tourism business in e-commerce transactions and legal protection," *Journal of Advanced Research in Law and Economics* 10, no. 3 (41) (2019): 881. See also, Dian Retnaningdiah et al., "Incorporating intellectual property rights and e-commerce: Supply chain strategy to strengthen the competitiveness of SMEs," *International Journal of Supply Chain Management* 9, no. 1 (2020): 652.

² Aba Sey et al., "The use of intellectual property protection by micro, small, and medium scale enterprises: A case study of Ghana," *Enterprise Development and Microfinance* 21, no. 1 (2010): 74. See also, Lavanya Madhusoodanan et al., "Intellectual Property Rights (IPRs) and its role in propelling the growth of the MSME sector," *The Journal of World Intellectual Property* 25, no. 3 (2022): 610; Tonis Mets et al., "Intellectual Property—Lever or Barrier to the Globalization of Knowledgeintensive SMEs of Small Country Origin," *Engineering Economics* 21, no. 4 (2010): 54.

³ David Flint, "Current Comment-Computers and Internet, Cybersquatters, EU Briefing, UK Competition Law, Intellectual Property," *Business Law Review* 21, no. 4 (2000): 123. See also, Ipsita Das et al., "Brand protection in India's digital economy: trademarks vs. competition regulation," *Int. J. Intellectual Property Management* 15, no. 6 (2025): 343; Chahata Cholkami et al., "Protection of Trademarks in the Digital Era: International Challenges and Solutions," In *Artificial Intelligence for Sustainable Innovation Management and Risk Management: A Systems (and Network) Perspective*, (Cham: Springer Nature Switzerland, 2026), 2669.

⁴ Pokrovskaya Anna Vladimirovna, "The application of AI technologies: Enforcement of trademark rights on e-commerce marketplaces," *The Journal of World Intellectual Property* 28, no. 2 (2025): 670.

intellectual property enforcement.⁵ These developments show that trademark protection is no longer limited to registration alone but also requires a legal framework that can respond to the challenges of the digital economy.

Many countries have responded to these developments by improving their trademark laws and intellectual property systems. Comparative studies show that countries such as India, Singapore, South Korea, and the Philippines have introduced policies to simplify trademark registration, improve digital intellectual property services, strengthen legal advocacy, and provide institutional support for SMEs.⁶ For example, the Philippines has established Innovation and Technology Support Offices (ITSOs) and intellectual property education programs that help MSMEs register and manage their intellectual property rights. India has also strengthened its legal framework to address trademark infringement in digital markets.⁷ These experiences suggest that effective trademark protection depends not only on comprehensive legislation but also on accessible institutions, efficient administrative procedures, legal assistance, and the use of digital technology.

Indonesia has also recognized the importance of intellectual property protection in supporting economic development. Trademark protection is mainly regulated by Law Number 20 of 2016 concerning Trademarks and Geographical Indications, which applies the first-to-file principle. Under this system, exclusive rights are granted only to registered trademark owners. This law is supported by Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, which aims to strengthen MSMEs through legal certainty, business empowerment, and equal business opportunities. Together, these laws provide the legal basis for protecting trademarks, encouraging innovation, and supporting the development of MSMEs. However, the existence of these laws does not automatically guarantee effective legal protection. The effectiveness of trademark law depends on whether MSMEs can easily register their trademarks, obtain legal protection, and enforce their rights when infringement occurs.

⁵ Xuan Jin et al., “The Open Brands Dataset: Unified brand detection and recognition at scale,” In *ICASSP 2020-2020 IEEE International Conference on Acoustics, Speech and Signal Processing (ICASSP)*, (Piscataway: IEEE, 2020), 4389. See also, Vladimirovna, “The application of AI technologies,” 670.

⁶ I. Gede Agus Kurniawan et al., “Geographical Indications and Trademarks Protection: Empowering MSMEs Through Advocacy, Legal Services in Indonesia, Oman, Philippines,” *Indonesian Journal of Advocacy and Legal Services* 7, no. 2 (2025): 525. See also, I. Wayan Sukania et al., “Legal Protection of Intellectual Property Rights in Indonesia for SME Performance,” *Journal of Sustainable Development and Regulatory Issues (JSDERI)* 3, no. 3 (2025): 528; Das et al., “Brand protection in India’s,” 343.

⁷ I. Purwaningsih, and R. Hardiyati, “Enhancing the food labelling system in Indonesia: The case of food with health-related claims in small and medium enterprises,” In *IOP Conference Series: Earth and Environmental Science*, (Bristol: IOP Publishing, 2021), 12126. Kurniawan et al., “Geographical Indications and Trademarks Protection,” 525. See also, Das et al., “Brand protection in India’s,” 343.

In practice, many Indonesian MSMEs still face difficulties in accessing trademark protection. Several studies report that trademark registration among MSMEs remains low because many business owners do not fully understand the importance of trademark protection or consider registration to be unnecessary for their business.⁸ As a result, many MSMEs continue to operate without registered trademarks, making them more vulnerable to imitation, counterfeiting, and unfair competition. The absence of trademark registration also limits their ability to enforce legal rights and reduces opportunities to expand their business in wider markets.⁹

In addition to limited legal awareness, MSMEs also face administrative, financial, and institutional barriers. Previous studies identify complicated registration procedures, high administrative costs, limited legal assistance, and weak law enforcement as major obstacles that discourage MSMEs from registering their trademarks.¹⁰ Many MSMEs also have limited financial resources, technical knowledge, and legal expertise to complete registration procedures or resolve trademark disputes.¹¹ Furthermore, some studies report that small businesses may experience trademark bullying, where larger companies use their stronger legal and financial resources to challenge or pressure MSMEs during trademark disputes.¹² These conditions reduce access to justice and limit the practical benefits of trademark protection for small businesses.

The growth of the digital economy has made these challenges even more complex. Digital platforms provide MSMEs with opportunities to promote their

⁸ Maftuchah et al., “Intellectual Property Rights Potential among Small and Medium Enterprises in Malang District,” *Pertanika Journal of Social Sciences & Humanities* 25, no. 4 (2017): 56. See also, Dian Latifiani et al., “Peningkatan Pemahaman Urgensi Merek Dagang di Alisa Pemasang,” *Jurnal Pengabdian Hukum Indonesia (Indonesian Journal of Legal Community Engagement)* 4, no. 1 (2021): 42; Nurul Fibrianti et al., “Targeting MSME Opportunities through Brands: Strengthening the Legal Protection through Community Services,” *Jurnal Pengabdian Hukum Indonesia (Indonesian Journal of Legal Community Engagement)* 5, no. 2 (2022): 214; Syukron Salam et al., “Penerapan Kekayaan Intelektual Bidang Merek Dan Rahasia Dagang Bagi Para Pelaku UMKM Di Desa Lerep Kabupaten Semarang Dalam Meningkatkan Perekonomian Daerah,” *Jurnal Pengabdian Hukum Indonesia (Indonesian Journal of Legal Community Engagement)* 3, no. 2 (2021): 149.

⁹ Hafied Noor Bagja et al., “The Protections of Geographical Indicators and Trademark in The Development of Micro, Small, And Medium Enterprises (MSMEs) In Increasing Regional Tax Revenue,” *Rigeo* 11, no. 3 (2021): 421.

¹⁰ Ujang Badru Jaman, “Empowering MSMEs: Unravelling the Essence of Business Law and Brand Protection in Indonesia,” *Jurnal Hukum Bisnis Bonum Commune* 15, no. 3 (2024): 108. See also, Sukania et al., “Legal Protection of Intellectual Property Rights,” 528; Kurniawan et al., “Geographical Indications and Trademarks Protection,” 525.

¹¹ Asri Radhitanti et al., “Empowering MSMEs Through a UI/UX-Centered IP Management Website: A Digital Approach to Economic Growth,” *Procedia Computer Science* 269, no. 2 (2025): 546. See also, Mets et al., “Intellectual Property–Lever,” 54.

¹² Rika Ratna Permata et al., “Identifying, preventing and overcoming trademark bullying in Indonesia,” *Journal of Intellectual Property Rights (JIPR)* 27, no. 6 (2022): 393.

products and reach national and international consumers. However, they also increase the risk of online trademark infringement, counterfeit products, cybersquatting, and unauthorized use of business identities.¹³ Weak digital governance and inconsistent enforcement further reduce the effectiveness of trademark protection, especially for MSMEs with limited technological capacity.¹⁴ To address these problems, recent studies recommend simplifying digital registration systems, developing user-friendly intellectual property platforms, using artificial intelligence to detect infringement, and applying technologies such as blockchain to strengthen trademark management and enforcement.¹⁵ These recommendations show that improving trademark protection requires legal reform as well as better institutional support and digital innovation.

North Sumatra Province provides an important setting for examining these issues. The province has more than 1.7 million MSMEs operating in sectors such as food processing, handicrafts, manufacturing, creative industries, and digital businesses.¹⁶ Many of these enterprises depend on product innovation, cultural identity, and branding to compete in the market. In this study, creative-economy MSMEs refer to businesses that create value through creativity, innovation, intellectual property, and knowledge-based products or services. Although these characteristics increase their business potential, they also increase the importance of effective trademark protection to prevent imitation and protect business identity.

Previous studies have made important contributions to understanding trademark protection for MSMEs. Some studies focus on improving legal awareness through education, training, and community outreach programs.¹⁷ Other studies discuss legal reform by recommending simpler registration procedures, stronger law enforcement, and better institutional support.¹⁸ More recent studies examine the impact of digital technology, digital governance, and artificial

¹³ Das et al., “Brand protection in India’s,” 343. See also, Flint, “Current Comment-Computers,” 123.

¹⁴ Dotty Wimpertiwi et al., “Digital governance and intellectual property rights: Empowering Indonesian SMEs for sustainable business growth,” In *2024 3rd International Conference on Creative Communication and Innovative Technology (ICCIIT)*, (Piscataway: IEEE, 2024), 3.

¹⁵ Radhitanti et al., “Empowering MSMEs Through a UI/UX-Centered IP,” 546. See also, Cholkami et al., “Protection of Trademarks,” 2669.

¹⁶ Koran Medan, “Kadis Koperasi & UKM: Hanya 41 Persen Koperasi yang Aktif di Sumut,” *Koran Medan*, December 5, 2023. Retrieved in June 25, 2026 from <https://koranmedan.id/2023/12/kadis-koperasi-ukm-hanya-41-persen-koperasi-yang-aktif-di-sumut/>

¹⁷ Latifiani et al., “Peningkatan Pemahaman Urgensi Merek Dagang,” 42. See also, Salam et al., “Penerapan Kekayaan Intelektual,” 149; Fibrianti et al., “Targeting MSME Opportunities through Brands,” 214.

¹⁸ Jaman, “Empowering MSMEs: Unravelling the Essence,” 108. See also, Sukania et al., “Legal Protection of Intellectual Property Rights,” 528.

intelligence on trademark protection in the digital economy.¹⁹ Comparative research also highlights successful approaches adopted in countries such as the Philippines, Singapore, South Korea, and India, particularly in providing legal advocacy and institutional assistance for MSMEs.²⁰

However, the existing literature still has several limitations. First, most previous studies examine trademark protection either from a legal perspective or from the perspective of community empowerment. Few studies combine the legal framework, its implementation, and its effectiveness in a single analysis. Second, although many recent studies discuss trademark protection in the digital economy, there is still limited empirical evidence explaining how Indonesian MSMEs experience legal, administrative, institutional, and digital barriers when accessing trademark protection. Third, previous studies have proposed many solutions, including increasing legal awareness, simplifying registration procedures, strengthening digital governance, and introducing new technologies. However, few studies examine how these recommendations can be implemented within Indonesia's legal and institutional framework, particularly at the provincial level where local economic conditions and institutional capacity may differ. These limitations indicate the need for a more comprehensive study that connects the legal framework, its implementation, the challenges faced by MSMEs, and possible policy improvements.

This study seeks to address these gaps by combining normative legal analysis with empirical evidence from North Sumatra Province. It examines not only the legal framework governing trademark protection but also how the law is implemented in practice and the challenges faced by MSMEs in accessing legal protection. Based on these findings, the study also proposes recommendations to improve trademark protection and strengthen the contribution of MSMEs to the creative economy. Accordingly, this study addresses three research questions: (1) How does Indonesia's legal framework regulate trademark protection for MSMEs operating in the creative economy? (2) How is the legal framework implemented in practice, and what legal, administrative, institutional, and digital challenges affect its effectiveness in North Sumatra Province? (3) What legal and policy improvements are needed to strengthen trademark protection for MSMEs and support the sustainable development of the creative economy? The findings are expected to contribute to the literature on intellectual property law and access to justice while providing practical recommendations for policymakers, intellectual property authorities, and MSMEs in Indonesia.

¹⁹ Das et al., "Brand protection in India's," 343. See also, Radhitanti et al., "Empowering MSMEs Through a UI/UX-Centered IP," 546; Vladimirovna, "The application of AI technologies," 670.

²⁰ Kurniawan et al., "Geographical Indications and Trademarks Protection," 525. See also, Sukania et al., "Legal Protection of Intellectual Property Rights," 528.

2. Research Methods

This research uses a mixed method design, namely a combination of qualitative and quantitative approaches.²¹ The qualitative approach was conducted through in-depth interviews and observations of MSME actors, while the quantitative approach was conducted through a field survey with a Likert-based questionnaire involving 204 MSME respondents in five districts/cities with the highest business concentration: Medan, Deli Serdang, Langkat, Binjai, and Pematangsiantar. In addition, this study analyzed the main legal sources, namely Law Number 20 of 2016 concerning Trademarks and Geographical Indications and Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises.²² These two legal instruments serve as the normative basis for assessing MSME brand protection and its relationship to creative economy development. The selection of these five districts/cities was based on their status as regional centers of MSME activity, representing both urban and semi-urban contexts with diverse creative economy sectors. This purposive sampling ensures that the findings reflect areas with the highest concentration of enterprises and thus provide a representative picture of trademark protection challenges in North Sumatra.

This research falls into the non-doctrinal legal category, emphasizing field investigations. Empirical legal research examines law as it operates in society, relying on primary data from real-world situations.²³ To ensure validity, data triangulation was applied by cross-checking survey results with interview findings and secondary sources. Reliability was strengthened through consistent coding procedures and verification of responses across different MSME categories. The validity of the findings is based on verifiable facts, not merely abstract reasoning. Thus, this method allows for a comprehensive understanding of legal norms in theory and their implementation in practice. Primary data is complemented by a literature review involving academic books, journal articles, policy documents, and

²¹ John W. Creswell, "Mixed-method research: Introduction and application," In *Handbook of educational policy*, (Cambridge: Academic press, 1999), 464. See also, Abbas Tashakkori, and John W. Creswell, "The new era of mixed methods," *Journal of mixed methods research* 1, no. 1 (2007): 5.

²² Tomy Pasca Rifai, "Kesiapan Undang-Undang Nomor 20 Tahun 2016 Tentang Merek Dan Indikasi Geografis Dalam Menghadapi Masyarakat Ekonomi Asean," (PhD diss., Universitas Lampung, 2016), 36. See also, Deffi Haryani, "Implementasi Undang-Undang Nomor 20 Tahun 2008 Tentang Usaha Mikro Kecil Dan Menengah Terhadap Pengembangan Usaha Anyaman Rumbai Di Desa Sidang Mas Banyuasin Iii Kabupaten Banyuasin," *Jurnal Ilmiah Administrasi Dan Sosial* 17, no. 2 (2022): 82.

²³ Sahat Maruli Tua Situmeang, "Politik Hukum Pidana Terhadap Kebijakan Kriminalisasi Dan Dekriminalisasi Dalam Sistem Hukum Indonesia: Politics Of Criminal Law Against Criminalization And Decriminalization Policies In The Legal System In Indonesia," *Res Nullius Law Journal* 4, no. 2 (2022): 206.

relevant legal instruments.²⁴ The analysis was conducted in three stages: (1) data reduction to filter relevant information; (2) data presentation in a structured format; and (3) drawing conclusions through analytical reasoning. This methodological framework ensures that the findings are empirical, systematic, and in accordance with academic standards of legal research.

3. Results and Discussion

3.1. Legal Framework Governing Trademark Protection for MSMEs Operating in the Creative Economy

Indonesia has established a comprehensive legal framework governing trademark protection for Micro, Small, and Medium Enterprises (MSMEs), particularly those operating in the creative economy where brands constitute valuable intangible assets. In creative economy industries, trademarks perform functions that extend beyond distinguishing goods and services; they represent business identity, reputation, product differentiation, consumer trust, and commercial competitiveness. Consequently, effective trademark protection is essential to ensure that creative enterprises can commercialize innovation while preventing unauthorized imitation and unfair competition. The legal framework regulating trademark protection for MSMEs is not contained within a single statute but is constructed through several complementary legal instruments, including Law No. 20 of 2016 on Trademarks and Geographical Indications, Law No. 20 of 2008 concerning MSMEs, Law Number 6 of 2023 on Job Creation, and Indonesia's participation in the Madrid System for international trademark registration. Together, these regulations establish the legal basis through which MSMEs acquire, maintain, and enforce trademark rights while simultaneously supporting national economic development.

Table 1. Indonesian Legal Framework Governing Trademark Protection for MSMEs.

Legal Framework	Main Provisions	Relevance to MSMEs
Law No. 20 of 2016 on Trademarks and Geographical Indications	Applies the first-to-file principle; governs trademark registration, protection, enforcement, and geographical indications. Also recognizes several non-traditional trademarks.	Provides exclusive legal rights for registered trademarks and serves as the primary legal basis for protecting MSME brands.
Law No. 20 of 2008 on MSMEs	Regulates MSME empowerment through legal certainty, business	Establishes the policy foundation for improving MSME competitiveness,

²⁴ Elisabeth Nurhaini Butarbutar, "Metode Penelitian Hukum Langkah-Langkah Untuk Menemukan Kebenaran Dalam Ilmu Hukum," *Bandung: PT. Refika Aditama* (2018): 79.

Legal Framework	Main Provisions	Relevance to MSMEs
	development, and equal economic opportunities.	including access to intellectual property protection.
Law Number 6 of 2023 on Job Creation	Simplifies business licensing and administrative procedures for business actors, including MSMEs.	Supports easier access to trademark registration by reducing administrative barriers and improving business formalization.
Madrid System	Allows international trademark registration through a single application.	Provides opportunities for export-oriented MSMEs to obtain international trademark protection, although cost and language barriers remain significant.

The cornerstone of Indonesia's trademark regime is Law No. 20 of 2016 on Trademarks and Geographical Indications, which adopts the first-to-file principle, meaning that exclusive trademark rights arise only after successful registration rather than prior commercial use. Under this system, registered trademark owners obtain exclusive rights to use their marks and may pursue civil and criminal remedies against infringement. The law also regulates trademark registration procedures, enforcement mechanisms, geographical indications, and recognition of several non-traditional trademarks, thereby providing a modern legal foundation for intellectual property protection.²⁵ For MSMEs operating in the creative economy, this legislation is particularly significant because commercial success frequently depends upon the distinctiveness and reputation of brands rather than physical assets alone.

The trademark regime is further complemented by Law No. 20 of 2008 concerning MSMEs, which positions legal certainty as one of the principal instruments for strengthening MSME competitiveness. Rather than regulating trademark rights directly, the Act establishes a broader policy framework requiring government support for MSME empowerment through business development, institutional strengthening, equal economic opportunities, and improved legal protection. Within this framework, trademark registration becomes an important component of business formalization because legal protection enables MSMEs to

²⁵ Andry Setyawan et al., “Non-traditional trademarks in Indonesia: Protection under the laws and regulations (an intellectual property law),” *Journal of Indonesian legal studies* 2, no. 2 (2017): 127. See also, Putu Aras Samsithawrati et al., “Trademark Registration Incentive Regulation for Small Businesses in Tourism: Human Rights and Protection Systems Comparison,” *Jurnal Suara Hukum* 7, no. 2 (2025): 285; Elfi Haris et al., “Legal Protection of Trademark Holders Against Imported Goods: A Contextual Framework under Islamic Economic Law,” *Jurnal Ilmiah Mizani: Wacana Hukum, Ekonomi Dan Keagamaan* 12, no. 2 (2025): 688.

commercialize innovation, expand market access, and compete more effectively in domestic and international markets.

Additional institutional support is provided through Law Number 6 of 2023 on Job Creation, which seeks to simplify business licensing and administrative procedures. Although the legislation does not specifically regulate trademarks, the simplification of business formalization indirectly facilitates trademark registration by reducing bureaucratic obstacles encountered by MSMEs.²⁶ This policy reflects the government's recognition that reducing administrative burdens constitutes an important prerequisite for increasing legal compliance among small enterprises.

Indonesia also participates in the Madrid System, allowing businesses to obtain international trademark protection through a single application submitted via the national intellectual property office.²⁷ For export-oriented creative economy MSMEs, this mechanism offers significant opportunities to protect brands in foreign markets while reducing procedural duplication. Nevertheless, previous studies indicate that utilization of the Madrid System remains relatively limited because many MSMEs continue to face financial constraints, language barriers, and procedural complexities, including the risk of central attack where cancellation of the domestic registration affects international protection.²⁸ Consequently, while Indonesia's legal framework accommodates international business expansion, its practical accessibility remains uneven for smaller enterprises.

The relevance of these legal frameworks is reflected in the empirical findings of this study. As shown in Table 2, the majority of respondents operate within the creative economy, indicating that trademark protection represents an essential legal issue for the sampled MSMEs.

Table 2. Distribution of Respondent Business Types Based on Creative Economy Characteristics.

No	Characteristics	Frequency	Percentage (%)
1	Creative economy	157	77
2	Non-creative economy	47	23
Total		204	100

²⁶ Abdul Kadir Jaelani et al., "Indonesia's Omnibus Law On Job Creation: Legal Strengthening Digitalization Of Micro, Small And Medium Enterprises," *Brazilian Journal of Law & International Relations/Relações Internacionais no Mundo* 3, no. 41 (2023): 45. See also, Hari Sutra Disemadi, "Contextualization of legal protection of intellectual property in micro small and medium enterprises in Indonesia," *Law Reform* 18, no. 1 (2022): 94.

²⁷ Aris Budi Setyawan et al., "SMEs's Profile in Single Database for Improving Efficiency of SMEs's Activities," *Advanced Science Letters* 23, no. 9 (2017): 8515.

²⁸ Ni Ketut Supasti Dharmawan et al., "Beyond Territoriality: Assessing the Effectiveness of the Madrid System for Trademark Protection in Indonesia," *Srinwijaya Law Review* 22, no. 2 (2026): 12. See also, Yixuan Zhai, "Safeguarding innovation: Exploring the role of criminal justice systems in protecting intellectual property rights, combating piracy, and promoting socio-economic stability," *International Journal of Criminal Justice Sciences* 18, no. 1 (2023): 333.

Source: Primary Data Tabulation (2024)

The predominance of creative economy enterprises (77%) demonstrates that the legal framework governing trademark protection is highly relevant to the respondents included in this research. Businesses operating in creative industries rely heavily upon trademarks as strategic commercial assets that distinguish products, strengthen consumer confidence, and enhance market competitiveness. Consequently, effective trademark regulation contributes not only to legal certainty but also to innovation, investment, and sustainable business development. Nevertheless, the classification of creative economy enterprises should be interpreted cautiously because the survey instrument did not explicitly specify sectoral criteria or innovation indicators used to distinguish creative from non-creative businesses. Although this limitation does not undermine the overall findings, it suggests that the empirical interpretation should remain confined to the surveyed population.

Despite the existence of a comprehensive legal framework, the empirical findings reveal that implementation remains less effective than intended. Respondents reported that trademark registration procedures continue to involve lengthy administrative processes, technical obstacles within electronic registration systems, and procedural complexity that discourage formal registration. These findings correspond with earlier studies identifying bureaucratic complexity as one of the principal barriers preventing MSMEs from securing trademark protection.²⁹ Accordingly, the challenge confronting Indonesian trademark law is no longer the absence of legal regulation but rather the accessibility of the regulatory system itself.

The survey also confirms observations made in previous studies regarding limited legal awareness among MSME owners. Many entrepreneurs continue to perceive trademark registration as unnecessary until commercial disputes emerge, reflecting insufficient understanding of trademarks as strategic business assets. Similar conclusions also argue that inadequate awareness substantially contributes to low registration rates.³⁰ This finding indicates that legal protection depends not only upon statutory provisions but also upon the capacity of business actors to recognize the commercial value of intellectual property.

Another important implementation challenge concerns enforcement. Although Law No. 20 of 2016 provides legal remedies against trademark infringement, respondents expressed concerns regarding product imitation and the practical difficulties involved in protecting registered marks. Previous research

²⁹ Jaman, "Empowering MSMEs: Unravelling the Essence," 108. See also, Sukania et al., "Legal Protection of Intellectual Property Rights," 528.

³⁰ Salam et al., "Penerapan Kekayaan Intelektual," 149. See also, Latifiani et al., "Peningkatan Pemahaman Urgensi Merek Dagang," 42.

similarly concludes that enforcement mechanisms remain relatively weak because litigation costs, limited institutional capacity, and lengthy dispute resolution procedures reduce the effectiveness of legal protection for MSMEs.³¹ Consequently, the effectiveness of Indonesia's trademark framework depends not merely upon substantive legal provisions but also upon the efficiency of administrative agencies and enforcement institutions responsible for implementing those provisions.

The literature further recommends several policy measures to strengthen implementation. These include simplifying registration procedures, reducing administrative costs, expanding legal advocacy services for MSMEs, increasing public awareness regarding intellectual property rights, providing financial incentives for trademark registration, and strengthening institutional enforcement mechanisms.³² Comparative experiences from Singapore and the Philippines further demonstrate that effective trademark protection requires not only comprehensive legislation but also efficient administrative systems, institutional assistance, and sustained government support for MSMEs.³³

Overall, the findings demonstrate that Indonesia regulates trademark protection for MSMEs through an integrated legal framework comprising Law No. 20 of 2016 on Trademarks and Geographical Indications, Law No. 20 of 2008 concerning MSMEs, Law Number 6 of 2023 on Job Creation, and the Madrid System. Collectively, these legal instruments provide the normative foundation for trademark registration, legal protection, business empowerment, administrative facilitation, and international trademark registration. However, the empirical evidence indicates that the principal challenges lie in implementation rather than legislative design. Administrative complexity, limited legal awareness, financial constraints, and relatively weak enforcement continue to restrict the practical effectiveness of trademark protection for MSMEs operating in Indonesia's creative economy. Therefore, strengthening trademark governance requires not only maintaining a comprehensive legal framework but also improving institutional

³¹ Sohaib Mukhtar, "Islamic law and trademark protection," *Malaysian Journal of Syariah and Law* 6, no. 1 (2018): 17. See also, Gillian K. Hadfield, "Legal barriers to innovation: The growing economic cost of professional control over corporate legal markets," *Stanford Law Review* 27, no. 4 (2008): 1709; Haris et al., "Legal Protection of Trademark Holders," 688.

³² Yosia Hetharie et al., "Legal Empowerment of Indonesian Micro Small Medium Enterprises in the Digital Era: A Comparing with China," *Jurnal IUS Kajian Hukum Dan Keadilan* 13, no. 2 (2025): 334. See also, Disemadi, "Contextualization of legal protection," 94.; Jaman, "Empowering MSMEs: Unravelling the Essence," 108; Kurniawan et al., "Geographical Indications and Trademarks Protection," 525; Samsithawrati et al., "Trademark Registration Incentive Regulation," 285.

³³ Sukania et al., "Legal Protection of Intellectual Property Rights," 528. See also, Kurniawan et al., "Geographical Indications and Trademarks Protection," 525.

accessibility and implementation to ensure that statutory protections translate into meaningful legal protection for creative economy enterprises.

3.2. Implementation of the Trademark Legal Framework: Legal, Administrative, Institutional, and Digital Challenges

Although Indonesia has established a comprehensive legal framework governing trademark protection through Law No. 20 of 2016 on Trademarks and Geographical Indications, Law No. 20 of 2008 concerning MSMEs, Law No. 6 of 2023 on Job Creation, and participation in the Madrid System, the effectiveness of these legal instruments ultimately depends on how they are implemented in practice. This part examines how the legal framework operates among MSMEs in North Sumatra Province and identifies the principal legal, administrative, institutional, and digital challenges affecting its implementation. From an empirical legal perspective, implementation cannot be assessed solely by the existence of legislation; rather, it must be evaluated by examining whether business actors are able to register, maintain, and enforce trademark rights effectively. Accordingly, the empirical findings are analysed together with previous studies to evaluate whether the objectives of Indonesia's trademark legislation have been translated into meaningful legal protection for MSMEs operating in the creative economy.

The first indicator of implementation concerns the extent to which MSMEs have successfully registered their trademarks. Because Indonesia adopts a first-to-file system, trademark registration constitutes the legal gateway through which exclusive rights are acquired. Consequently, registration status provides an objective measure of how effectively the legal framework is functioning in practice.

Table 3. Distribution of Trademark Registration Status.

No	Status	Frequency	Percentage (%)
1	Not Registered	178	87.2
2	Registered	14	6.9
3	In Process	12	5.9
4	Expired	0	0
Total		204	100

Source: Primary Data Tabulation (2024)

The empirical findings demonstrate that implementation of Indonesia's trademark framework remains limited in North Sumatra Province. Although Law No. 20 of 2016 provides comprehensive legal protection through registration, 87.2% of surveyed MSMEs had not registered their trademarks, while only 6.9% had obtained registered protection. A further 5.9% remained in the registration process, indicating that many enterprises have begun interacting with the legal system but have not yet secured exclusive rights. These findings suggest that the

implementation gap lies not in the absence of legislation but in the limited capacity of MSMEs to convert statutory rights into practical legal protection. Similar patterns have been reported elsewhere in Indonesia. For example, a study found that only 11.11% of surveyed MSMEs in Malang had registered trademarks,³⁴ while studies conducted in Pemalang and Lerep Village similarly identified low levels of intellectual property awareness among small business owners.³⁵ The consistency of these findings indicates that implementation challenges are systemic rather than location-specific.

The first implementation challenge concerns legal awareness and the practical utilization of trademark rights. Although Indonesian trademark law clearly establishes exclusive protection for registered marks, many MSMEs continue to regard registration as optional rather than essential. The survey findings indicate that a substantial proportion of respondents operate without formal trademark protection despite relying upon brand identity to market their products. This reflects a persistent gap between legal entitlement and legal utilization.

Previous studies similarly conclude that limited understanding of intellectual property rights remains one of the principal obstacles to implementation. Some demonstrate that many MSME owners lack basic knowledge regarding trademark registration procedures, legal consequences, and commercial benefits.³⁶ Educational outreach programs have proven effective in improving legal awareness, with one program increasing participants' understanding from 39% to 65%, suggesting that implementation failures are partly attributable to insufficient legal literacy rather than deficiencies in statutory provisions. Informal business practices further reinforce this problem because enterprises operating outside formal legal structures are less likely to prioritize trademark registration.³⁷ Consequently, although Indonesia's legal framework provides adequate normative protection, its practical effectiveness remains constrained by limited legal awareness and low participation in the registration system.

Another legal challenge concerns trademark enforcement. Law No. 20 of 2016 provides civil and criminal remedies against infringement, yet respondents continued to express concerns regarding imitation, misuse of similar brands, and unfair competition. Previous studies likewise conclude that weak enforcement mechanisms reduce the deterrent effect of trademark law, allowing infringement to persist while discouraging MSMEs from investing in formal legal protection.³⁸

³⁴ Maftuchah et al., "Intellectual Property Rights Potential," 56.

³⁵ Latifiani et al., "Peningkatan Pemahaman Urgensi Merek Dagang," 42. See also, Salam et al., "Penerapan Kekayaan Intelektual," 149.

³⁶ Latifiani et al., "Peningkatan Pemahaman Urgensi Merek Dagang," 42. See also, Salam et al., "Penerapan Kekayaan Intelektual," 150.

³⁷ Maftuchah et al., "Intellectual Property Rights Potential," 56.

³⁸ Haris et al., "Legal Protection of Trademark Holders," 688.

The effectiveness of implementation therefore depends not only upon successful registration but also upon the capacity of enforcement institutions to provide accessible, timely, and affordable legal remedies.

Beyond legal awareness, the survey demonstrates that administrative procedures remain a significant obstacle to implementation. Respondents who had attempted registration identified several procedural difficulties, including lengthy processing periods, administrative complexity, similarity between trademarks, and technical problems encountered during registration.

Table 4. Obstacles During Trademark Registration.

No	Obstacles	Frequency	Percentage (%)
1	Long registration process	12	46.2
2	No obstacles	8	30.7
3	Difficulty completing forms	1	3.8
4	Similar trademarks already exist	4	15.5
5	Website frequently experiences errors	1	3.8
Total		26	100

Source: Primary Data Tabulation (2024)

The dominant obstacle identified by respondents was the lengthy registration process, accounting for 46.2% of responses. Delays in administrative examination postpone the acquisition of exclusive rights and consequently reduce legal certainty for MSMEs operating in highly competitive markets. Previous studies similarly characterize Indonesia's trademark registration process as bureaucratic, time-consuming, and procedurally complex, thereby discouraging small enterprises from pursuing formal registration.³⁹ Simplification of application procedures, greater transparency regarding examination timelines, and improved access to registration information have therefore been recommended as essential administrative reforms.

The existence of similar or identical trademarks, reported by 15.5% of respondents, reflects another administrative challenge closely associated with substantive examination under the first-to-file system. While examination is necessary to prevent consumer confusion and protect existing rights, MSMEs often experience difficulties because they lack sufficient guidance regarding trademark distinctiveness before filing applications. This finding suggests that pre-registration consultation services and legal assistance remain insufficient, thereby increasing the likelihood of rejected applications.

Moreover, institutional support represents another critical determinant of implementation effectiveness. Although Indonesian legislation emphasizes MSME empowerment, the survey findings suggest that institutional assistance has not yet

³⁹ Jaman, "Empowering MSMEs: Unravelling the Essence," 108. See also, Sukania et al., "Legal Protection of Intellectual Property Rights," 528.

produced widespread participation in trademark registration. This becomes evident when examining the perceived benefits among registered trademark owners.

Table 5. Perceived Benefits of Trademark Registration.

No	Benefits	Frequency	Percentage (%)
1	Protecting the brand	8	57.2
2	Obtaining institutional assistance	2	14.2
3	Easier customer recognition	3	21.4
4	No significant benefit	1	7.2
Total		14	100

Source: Primary Data Tabulation (2024)

Among registered MSMEs, protecting the brand constituted the primary motivation for registration (57.2%), confirming that respondents principally understand trademarks as instruments of legal protection. However, relatively few respondents associated registration with institutional assistance (14.2%), while one respondent perceived no significant benefit. These findings suggest that government support programs have not yet been sufficiently integrated into the trademark registration process to produce tangible benefits beyond legal recognition.

The literature similarly identifies institutional limitations as an important implementation challenge. Although several local governments have introduced incentives for trademark registration, including financial assistance programs in Bali, such initiatives remain geographically limited and are not uniformly implemented throughout Indonesia.⁴⁰ Weak coordination among government agencies, insufficient performance indicators, and limited institutional capacity further reduce implementation effectiveness.⁴¹ Government agencies and non-governmental organizations have attempted to address these shortcomings through legal education, training programs, and technical assistance; however, these initiatives frequently suffer from limited resources and inadequate outreach.⁴² Strengthening collaboration among ministries, local governments, universities, and civil society organizations therefore represents an important strategy for improving

⁴⁰ Samsithawrati et al., "Trademark Registration Incentive Regulation," 285.

⁴¹ Dharmawan et al., "Beyond Territoriality: Assessing the Effectiveness," 12.

⁴² Ulfanora, and Almaududi, "West Sumatra's Retail Policies On The Perspective Of Competition And Islamic Law," *Diponegoro Law Review* 9, no. 2 (2024): 247. See also, Apostolos Chronopoulos, "Determining the Scope of Trademark Rights by Recourse to Value Judgements Related to the Effectiveness of Competition-The Demise of the Trademark-Use Requirement and the Functional Analysis of Trademark Law," *International Review of Intellectual Property and Competition Law* 42, no. 1 (2011): 547.; Kurniawan et al., "Geographical Indications and Trademarks Protection," 525.

implementation, particularly in provinces where MSMEs dominate regional economic activity.

Financial constraints also remain closely associated with institutional implementation. Registration costs, legal consultation fees, and expenses associated with international trademark protection continue to discourage many MSMEs from formalizing their intellectual property rights. The financial burden becomes particularly significant for businesses seeking protection through the Madrid System, where application costs and language requirements present additional barriers.⁴³ Earlier studies likewise note that many Indonesian MSMEs rely upon informal financing mechanisms, limiting their capacity to invest in intellectual property protection and other forms of legal compliance.⁴⁴ Expanding financial incentives and registration subsidies therefore remains essential for improving implementation among smaller enterprises.

The implementation of Indonesia's trademark framework increasingly depends upon digital governance because trademark applications are processed through electronic registration systems. Consequently, the effectiveness of implementation is influenced not only by legal and administrative procedures but also by the reliability and accessibility of digital infrastructure.

Although only one respondent explicitly identified website errors as the principal obstacle during registration, this finding remains legally significant because electronic filing has become the primary mechanism through which trademark rights are obtained. Technical disruptions within online registration systems may delay applications, discourage first-time users, and disproportionately affect MSMEs with limited digital literacy or inadequate internet access. Some argue that digital governance should function as an enabler rather than a barrier by simplifying intellectual property administration and expanding access to public services.⁴⁵ Similarly, other studies recommend improving digital accessibility, simplifying online procedures, and providing clearer electronic guidance to reduce procedural burdens experienced by MSMEs.⁴⁶ Therefore, strengthening digital

⁴³ Dharmawan et al., "Beyond Territoriality: Assessing the Effectiveness," 12.

⁴⁴ Tulus TH. Tambunan, "Development of micro, small and medium enterprises and their constraints: A story from Indonesia," *Gadjah Mada International Journal of Business* 13, no. 1 (2011): 30. See also, Tulus TH. Tambunan, "MSMEs and access to financing in a developing economy: The Indonesian experience," In *Financial entrepreneurship for economic growth in emerging nations*, (Hershey: IGI Global Scientific Publishing, 2018), 158.

⁴⁵ Devica Rully Masrur et al., "Complaints Regarding Trademark Crimes Against Trademark Holders and Consumer Protection," *Jurnal Pembangunan Hukum Indonesia* 7, no. 3 (2025): 504. See also, Wimpertiwi et al., "Digital governance and intellectual property rights," 3. Purwaningsih, "Empowerment model of micro, small, and medium enterprises (Msmes)," 881.

⁴⁶ Jaman, "Empowering MSMEs: Unravelling the Essence," 108. See also, Sukania et al., "Legal Protection of Intellectual Property Rights," 528.

infrastructure should be regarded as an integral component of trademark law implementation rather than merely a technical administrative issue.

Overall, the empirical findings demonstrate that the implementation of Indonesia's trademark legal framework in North Sumatra Province remains constrained by interconnected legal, administrative, institutional, and digital challenges. Legally, limited awareness and weak enforcement reduce the practical utilization of trademark rights. Administratively, lengthy procedures and examination complexities discourage registration. Institutionally, limited government support, inadequate coordination, and financial constraints reduce MSMEs' ability to access legal protection. Digitally, technical limitations within electronic registration systems further complicate implementation. These findings indicate that Indonesia's challenge is no longer establishing an adequate legal framework but ensuring that existing legislation operates effectively in practice. Accordingly, strengthening implementation requires integrated reforms encompassing legal education, simplified administrative procedures, expanded institutional assistance, financial incentives, enhanced inter-agency collaboration, stronger enforcement mechanisms, and more reliable digital governance. Such reforms are essential to ensure that the legal protections established under Indonesia's trademark legislation can be fully realized by MSMEs operating in the creative economy, particularly in North Sumatra Province.

3.3. Legal and Policy Improvements for Strengthening Trademark Protection

The protection of trademarks within Indonesia's creative economy is closely linked to the broader objective of MSME empowerment, innovation promotion, and sustainable economic development. MSMEs function as the backbone of the creative economy, where value creation is driven primarily by ideas, branding, and innovation rather than physical capital. In this context, trademarks serve as essential intellectual property instruments that protect business identity, ensure market differentiation, and safeguard reputational value. However, despite the existence of a comprehensive legal framework, comprising Law No. 20 of 2016 on Trademarks and Geographical Indications, Law No. 20 of 2008 on MSMEs, Law No. 6 of 2023 on Job Creation, and the Madrid System, the empirical findings demonstrate that trademark protection remains underutilized among MSMEs. This gap indicates that legal reform alone is insufficient unless accompanied by targeted policy improvements that enhance accessibility, institutional effectiveness, and enforcement capacity.

From a normative perspective, Law No. 20 of 2008 emphasizes MSME empowerment through legal certainty, business development, and equal access to economic opportunities. Similarly, Law No. 20 of 2016 establishes a rights-based trademark system under the first-to-file principle, granting exclusive rights only

upon registration. While this framework is designed to ensure legal certainty, its effectiveness depends heavily on MSMEs' ability to access registration mechanisms. Empirical findings show that such access remains limited, suggesting the need for policy improvements that bridge the gap between formal legal entitlements and practical usability. As noted in previous studies, trademark law in Indonesia functions effectively at the normative level but encounters significant constraints at the implementation stage due to awareness, cost, and procedural barriers.⁴⁷

The urgency for reform is reinforced by the empirical evidence of this study, which indicates that only a small proportion of MSMEs have successfully registered their trademarks, while the majority remain unregistered. This condition exposes MSMEs to risks of imitation, counterfeiting, and unfair competition, particularly in the creative economy where brand identity constitutes a primary source of competitive advantage. In this regard, the absence of trademark protection undermines not only individual business sustainability but also the broader innovation ecosystem. Therefore, policy improvements must focus on ensuring that legal protection is not only formally available but also practically accessible and economically viable for MSMEs.

One of the most consistently identified challenges is the complexity of trademark registration procedures. The empirical findings and supporting literature indicate that bureaucratic procedures, lengthy processing times, and administrative burdens significantly discourage MSMEs from registering their trademarks.⁴⁸ Registration delays weaken legal certainty because exclusive rights are only granted upon completion of the process, thereby exposing MSMEs to potential infringement risks during the waiting period.⁴⁹

To address this issue, simplification of administrative procedures is essential. Streamlining documentation requirements, reducing procedural stages, and improving transparency in examination timelines would significantly enhance accessibility. As suggested in prior studies, simplified registration systems have been shown to increase participation rates among MSMEs by reducing both time

⁴⁷ Sukania et al., "Legal Protection of Intellectual Property Rights," 528. See also, Jaman, "Empowering MSMEs: Unravelling the Essence," 108.

⁴⁸ Chrisna Suhendi Winarsih, and Kiryanto, "Implementation of CSR and Family Governance in Increasing Competitiveness Through Agile Innovation in SMEs: A Conceptual Model," In *International Conference on Intelligent Networking and Collaborative Systems*, (Cham: Springer International Publishing, 2022), 353. See also, Jaman, "Empowering MSMEs: Unravelling the Essence," 108; Sukania et al., "Legal Protection of Intellectual Property Rights," 528.

⁴⁹ Waspiyah et al., "Optimizing the Role of Village Community Institutions in Resolving Brand Disputes in Kenteng Village, Bandungan Subdistrict, Semarang Regency," *Jurnal Pengabdian Hukum Indonesia (Indonesian Journal of Legal Community Engagement)* 6, no. 2 (2023): 261.

and cost burdens.⁵⁰ Administrative reform should therefore prioritize efficiency without compromising legal accuracy in trademark examination.

Low awareness of trademark protection remains one of the most significant barriers to effective implementation. Many MSMEs continue to underestimate the importance of trademarks as strategic business assets, leading to low registration rates and limited enforcement of intellectual property rights.⁵¹ Empirical studies show that awareness programs can significantly improve understanding, with educational interventions increasing MSME awareness from 39% to 65% in certain contexts.⁵²

Therefore, expanding legal education and socialization programs is critical. Public awareness campaigns, training sessions, and integration of intellectual property education into MSME development programs can foster a stronger culture of trademark protection.⁵³ Strengthening legal literacy ensures that MSMEs not only recognize trademarks as legal instruments but also understand their economic value in enhancing competitiveness and market positioning.

Financial constraints also represent a major obstacle to trademark registration. Registration fees, legal assistance costs, and expenses related to enforcement can be burdensome for small enterprises, particularly those operating informally or with limited capital.⁵⁴ These barriers are even more pronounced in cases involving international trademark protection under the Madrid System.

To mitigate these challenges, financial support mechanisms such as subsidies, fee reductions, and incentive-based registration schemes are necessary. Regional initiatives, such as those implemented in Bali's Gianyar region, demonstrate that financial incentives can encourage MSMEs to formalize their intellectual property rights.⁵⁵ Expanding such policies at the national level would enhance inclusivity and reduce economic barriers to legal protection.

In this context, effective trademark protection is not limited to registration but also depends on enforcement capacity. Weak enforcement has been identified as a recurring issue in Indonesia's intellectual property system, allowing imitation and

⁵⁰ Febri Noor Hediati, "Optimalisasi pengawasan pada penerimaan pendaftaran merek dalam rangka perlindungan merek," *Jurnal Suara Hukum* 2, no. 2 (2020): 342. See also, Jaman, "Empowering MSMEs: Unravelling the Essence," 108.

⁵¹ D. P. B. Asri et al., "Demystifying intellectual property rights in the creative industry SMES," *International Journal of Innovation, Creativity and Change* 12, no. 12 (2020): 2020. See also, Latifiani et al., "Peningkatan Pemahaman Urgensi Merek Dagang," 42; Salam et al., "Penerapan Kekayaan Intelektual," 149.

⁵² Latifiani et al., "Peningkatan Pemahaman Urgensi Merek Dagang," 42.

⁵³ Milyan Risydan Al Anshori, and Haniff Ahmat, "The Use of Customs Law and Regulation to Support the Development of Small and Medium Business Enterprises: Evidence from Indonesia," *World Customs Journal* 13, no. 1 (2019): 134.

⁵⁴ Dharmawan et al., "Beyond Territoriality: Assessing the Effectiveness," 12.

⁵⁵ Samsithawrati et al., "Trademark Registration Incentive Regulation," 285.

unfair competition to persist.⁵⁶ Although Law No. 20 of 2016 provides civil, administrative, and criminal remedies, their effectiveness is limited when MSMEs lack the resources or legal standing to pursue enforcement actions.

Strengthening enforcement requires improving coordination between legal institutions, simplifying dispute resolution mechanisms, and ensuring that remedies are accessible to MSMEs. Enhancing enforcement capacity also reinforces the deterrent effect of trademark law, thereby improving compliance and protecting business sustainability within the creative economy.⁵⁷

The increasing reliance on digital systems for trademark registration introduces both opportunities and challenges. While electronic registration improves efficiency, empirical findings show that technical disruptions and limited digital literacy can hinder access to the system. Even minor technical issues may delay applications and discourage MSMEs from completing registration processes.

Therefore, improving digital infrastructure is a key policy priority. Enhancing system stability, simplifying user interfaces, and providing digital assistance services can significantly improve accessibility.⁵⁸ Digital transformation should be designed not only to modernize administrative processes but also to ensure inclusivity for MSMEs with limited technological capacity.

In addition, institutional fragmentation remains a key challenge in the implementation of trademark protection policies. Although government agencies, local authorities, and NGOs have initiated various support programs, their effectiveness is often limited due to insufficient coordination and uneven distribution of resources.⁵⁹ As a result, MSMEs frequently lack access to comprehensive support throughout the registration and enforcement process.

Strengthening institutional collaboration between ministries, local governments, universities, and civil society organizations is therefore essential. Integrated support systems can provide MSMEs with legal assistance, technical guidance, and administrative facilitation, thereby improving overall implementation effectiveness. Comparative insights from the Philippines demonstrate that integrated legal advocacy systems can significantly enhance MSME participation in intellectual property protection.⁶⁰

For export-oriented MSMEs, integration with international trademark protection systems such as the Madrid System is increasingly important. However,

⁵⁶ Mukhtar, "Islamic law and trademark," 17. See also, Haris et al., "Legal Protection of Trademark Holders," 688.

⁵⁷ Das et al., "Brand protection in India's," 343. See also, Radhitanti et al., "Empowering MSMEs Through a UI/UX-Centered IP," 546; Cholkami et al., "Protection of Trademarks," 2669.

⁵⁸ Wimpertiwi et al., "Digital governance and intellectual property rights," 3.

⁵⁹ Ulfanora, and Almaududi, "West Sumatra's Retail Policies," 247. See also, Kurniawan et al., "Geographical Indications and Trademarks Protection," 525.

⁶⁰ Kurniawan et al., "Geographical Indications and Trademarks Protection," 525.

empirical evidence indicates that utilization remains limited due to high costs, language barriers, and procedural complexity.⁶¹ Strengthening support for international registration requires targeted policy interventions, including financial assistance, translation support, and technical guidance for MSMEs seeking global market expansion.

The findings of this study indicate that strengthening trademark protection requires a coordinated policy approach that integrates legal reform, administrative simplification, institutional support, financial incentives, digital transformation, and public education. Without such integration, the legal framework risks remaining formally adequate but practically inaccessible. As MSMEs constitute the core of Indonesia's creative economy, ensuring effective trademark protection is not only a legal necessity but also an economic strategy for fostering innovation, competitiveness, and sustainability.

In conclusion, legal and policy improvements must focus on closing the gap between normative legal protection and practical accessibility. Simplification of procedures, enhancement of legal literacy, provision of financial incentives, strengthening of enforcement mechanisms, development of digital infrastructure, and improved institutional coordination are all essential to ensuring that trademark law functions effectively in supporting MSMEs. When these reforms are implemented in a coordinated manner, trademark protection can serve as a powerful instrument for promoting sustainable development within Indonesia's creative economy, ensuring that MSMEs are not only legally protected but also economically empowered.

4. Conclusion

This study examined the legal framework, implementation practices, and required policy improvements for trademark protection for MSMEs in Indonesia's creative economy. The findings show that Indonesia has established a comprehensive normative framework through Law No. 20 of 2016 on Trademarks and Geographical Indications, Law No. 20 of 2008 on MSMEs, Law No. 6 of 2023 on Job Creation, and the Madrid System. Collectively, these instruments provide a strong legal basis for trademark registration, protection, enforcement, and internationalization. In the creative economy context, trademarks function as essential intangible assets that safeguard business identity, reputation, and competitiveness.

However, empirical evidence demonstrates a persistent gap between legal design and practical outcomes. In North Sumatra Province, the majority of

⁶¹ Dharmawan et al., "Beyond Territoriality: Assessing the Effectiveness," 12.

MSMEs (87.2%) have not registered their trademarks, while only a small proportion (6.9%) have completed registration. This indicates that trademark protection remains largely inaccessible in practice despite its formal availability. The implementation challenges are multidimensional, involving legal, administrative, institutional, and digital barriers. Legal challenges stem from limited awareness and weak enforcement mechanisms, while administrative challenges include lengthy procedures, documentation complexity, and examination delays. Institutional challenges are reflected in limited coordination, insufficient support services, and uneven access to government assistance. Digital challenges further emerge through technical disruptions in electronic registration systems and limited digital literacy among MSMEs.

The study also finds that MSMEs that have registered trademarks primarily benefit from legal protection and brand recognition, confirming that when accessible, the system is effective in supporting business competitiveness. Nevertheless, uneven awareness and limited institutional support reduce the broader impact of trademark law in the creative economy.

In response to these findings, the study highlights the need for integrated policy reforms. These include simplification of registration procedures, strengthening legal education, expanding financial incentives, improving enforcement mechanisms, enhancing digital infrastructure, and reinforcing institutional coordination. Such reforms are essential to ensure that trademark law functions not only as a formal legal instrument but also as an accessible and effective protection system. Overall, strengthening trademark protection is crucial for supporting MSME competitiveness and ensuring the sustainable development of Indonesia's creative economy.

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