



# Creative Economy Product Brand Registration For Economic Improvement In West Java

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## ABSTRACT

The development of the creative economy has not in line with public awareness to protect the work that has been produced by registering the rights to a trademark. The commercialization of brand-certified creativeness economy products expects to boost the added value and income of product owners. Protect creative economy actors able to make business productive and progressive and avoid unfair or harmful competitive practices. This research is to determine the relationship between the registration of creativeness economy product brands with the improvement of the regional economy and the factors that affect the sales value of creative economy products with registered and unregistered brands. This research used the mixed method that combines quantitative and qualitative methods. Based on the results, the number of brands of creativeness economy products had a significant positive correlation with an increase in the economy based on Gross Regional Domestic Product in West Java province for the period 2010-2018. It is not only trademark registration that affects the regional economy but also other factors that affect regional economic development. So it is necessary to provide socialization and literacy, simplify procedures, and financing of trademark registration through social media and other means that make it easier for creative economy actors to understand the importance of trademark registration.

**Keywords:** *Creative Economic Products, Brand Registration, Regional Economy.*

## 1. INTRODUCTION

Brand rights, a part of Intellectual Property Rights (IPR), are the most important for the smooth running of a business and fair business competition. Because the brand is an identifier of a product, the consumer can know and distinguish the quality of goods or services. Without a brand, consumers tough determine which quality products meet their needs. Therefore a brand can be a profitable asset commercial and often more valuable than the physical assets of a company [1].

The granting of a brand to a product of goods or services can prevent unfair business competition with a brand of goods or services it can be distinguished from its origin and quality and guarantee that the product is original. A high-priced product is usually not because of its but the influence of the brand. It proves that the brand is an immaterial property right [2].

Economic patterns that continue to change, technological innovation, and scientific creativity have also shifted the economic orientation from the agricultural economy to the industrial economy sector, the service economy, the information economy (e-commerce), and finally to the creative economy. From the industrial revolution until 1996, innovative businesses have developed through

industries that produce or produce tangible goods and services in mass quantities and types. In 1996 non-real goods and services began to appear (intangible). Howkins stated in early 2001 was the creation of new non-real, highly commercial goods and services such as IPR, copyrights, patents, royalties, trademarks, and advanced designs [3].

Howkins on The Creative Economy found the presence of a creative economy realized for the first time in 1996. It movement when exports of copyrighted works from the United States had a sales value of US \$ 60.18 billion, far exceeding exports of other sectors such as automotive, agriculture, and aircraft. According to Howkins, a new economy has emerged around creative industries controlled by intellectual property laws such as patents, copyrights, brands, royalties, and designs. A creative economy is the development of concepts based on creative assets that have the potential to increase economic growth [4].

The concept of the creative economy is increasingly getting dominant attention in many countries because it can make a real contribution to the economy. In Indonesia, the perception of the creative economy began heard when the government looked for ways to increase

the competitiveness of national products in facing the global market. The Ministry of Trade, The Ministry of Industry, The Ministry of Cooperatives and Small and Medium Enterprises, and the Indonesian Chamber of Commerce and Industry created the Indonesia Design Power 2006-2010 team aims to Indonesia products can accept in the international market but still have a national character. In Indonesia, the creative industry can make a significant positive contribution to the national economy. The Ministry of Trade (2008) said the addition of creative production to GDP from 2002 to 2006 averaged 6.3% same as 104.6 trillion. The creative industry can absorb up to 5.4 million workers with a participation rate of 5.8%. In terms of exports, creative production recorded a total export of 10.6% between 2002 and 2006. The Creative Economy Agency also stated that the GDP for the creative economy sector continued to increase from year to year, amounting to IDR 922 trillion in 2016, then IDR 1,009 trillion in 2016, 2017, and became IDR 1.105 trillion in 2018 [5].

Gross Regional Domestic Product (GRDP) is the gross added value of all goods and services created or produced in the domestic area arising from various economic activities within a certain period in which residents or non-residents have factors of production. In general, the GRDP of the creative economy at current prices continues to increase, as does the GRDP of West Java Province, based on current prices generated by the creative economy person continues to experience a decently enormous increase. The development of technology and the abundance of resources make the creative economy more potential to contribute to the economy. The pattern of creative economy GRDP development based on current prices is in line with GRDP according to business fields continue increasing [6].

The GRDP of the creative economy provides an average contribution of 11.14 percent to the economy of West Java Province during the period 2010 to 2016. The remaining 88.86 percent is a contribution from the industrial and other sectors besides the creative economy. In general, the added value of each sub-sector of the creative economy has increased. The structure of the creative economy shows the role of each sub-sector of the creative economy in creating added value. During this period, three sub-sectors were quite dominant in contributing to the formation of the GRDP of the creative economy, namely the Culinary sub-sector, the Fashion sub-sector, and the Crafts sub-sector. In 2016, the Culinary sub-sector created added value of 78,389.58 billion rupiahs and contributed 40.97 percent to the formation of the GRDP of the creative economy. The Fashion and Craft sub-sectors provided added value of 66,399.46 billion rupiahs and 28,685.24 billion rupiahs

with a contribution of 34.70 percent and 14.99 percent to the formation of the creative economy GRDP in 2016 [7].

IPR has a considerable influence on economic growth in the area concerned because IPR is related to the utilization and development of innovation in a region. IPR protection is directly proportional to the existence of local people who are very innovative and have very high skills in the arts and culture. The creative industry is a sector that can withstand the economic crisis because its basis is creativity and unlimited human resources, besides the availability of traditional cultural wealth. Based on the series of phenomena previously described, the formulation of the problem is: there is a relationship between trademark registration of creative economy products (fashion, culinary, and crafts) and the improvement of the regional economy; and what are the factors that affect the sales value of creative economy products (fashion, culinary, and crafts) with registered and unregistered brands.

## 2. LITERATURE REVIEW

One of the things that play a crucial role in marketing is the brand. There are several differences between products and brands. A factory produces a product, and competitors are free to imitate it. Consumers purchase a brand with assured values and identities or characteristics, legally protected so competitors cannot emulate it. Brands affect consumer perceptions of the product, so that competition between companies is perception competition, not the product. There are six levels of brand understanding, including attribute, benefits, value, culture, and user personality [8]. A brand is a sign to distinguish similar goods or services produced or traded by a person or group of people or legal entities from similar goods or services produced by others. A brand has distinguishing power as a guarantee for its quality and use in trading goods or services [9].

Law Number 20 of 2016 concerning Brands and Geographical Indications still adheres to a constitutive system as stipulated in Article 1 paragraph (5) of the Trademark Law states that the state grant the exclusive brand right to the owner for a period of use of its or permit another party to use it. An owner of registered trademarks in Indonesia in this constitutive system gets legal protection for the violations of trademark rights, either compensation claims or criminal lawsuits through law enforcement officials. The brand owner has the right to apply the cancellation against others who register it without rights. If there has been a violation of trademark rights, this repressive legal protection give. According to the constitutive system, who owns the right to a trademark has registered the mark. So that registration creates a right to the brand, the party who registers it is the only one who owns the right to a brand, and third

parties must respect the rights as an absolute right. So that registration will protect a trademark. The constitutive system gives the right to a registered mark to anyone whose brand register in the General Register of the Trademark Office, and He is the one who has the right to the brand. This system guarantees more legal certainty. Legal certainty for the registrant/the legal owner/the holder of the brand has the brand and a certificate as being considered the first user of the brand [10].

Creativity is in the individual and it is subjective; Innovation is group-based and is objective. Innovation always goes to a committee at some stage and will only be allowed to continue if it is approved. Whereas creativity is much more fuzzy and subjective. Creativity can move to innovation; creativity can power innovation; creativity can result in innovation. Innovation never causes creativity. Think about a pop song: pop songs can be very creative. Someone who writes a song that has words and a rhythm, a lyric, and a sound that we all like is being creative. But it is not innovative. Someone like Tom Cruise can be creative (but) he is not innovative. A film producer, a film director, an orchestra conductor, a designer can be creative, but not innovative [11]. John Howkins argues that a new economy has emerged around creative industries controlled by intellectual property rights, patents, copyrights, brands, designs, and royalties. According to Howkins, creativity is not something new nor economics but what is new is the nature and expansion of the relationships between them and how they are combined to create extraordinary new value and wealth [12].

The flow of the creative economy has also hit Indonesia with the diversity of arts, culture, cultural heritage, and creations of the nation's children that already exist as the potential for the creative economy, causing the government to feel the need to develop it. Qualitatively, the creative economy in Indonesia has potential from many sides. Indonesia has many international-class designers and artists, architects, stage artists, musicians, producers, and directors. On the other hand, typical Indonesian products such as batik, Palembang songket, Balinese statues, the uniqueness of Papua, various West Java creations, and Jepara furniture already recognize abroad [13]. Some of the reasons creative industries need to develop in Indonesia are as follows [14]:

- a. Make a significant economic contribution;
- b. Creating a decisive business climate;
- c. Building the image and identity of the nation;
- d. Based on renewable resources;
- e. Creating innovation and creativity are the competitive advantages of a nation;
- f. Provide a positive social impact.

Two indicators measure the economic growth of a country, GDP for the national scope and GRDP for the regional. According to Mankiw, GDP is the market value of final goods and services produced in the economy over a certain period. GDP is often considered the best measure of economic performance. The purpose of GDP is to summarize economic activity in terms of a single money value over a certain period. Furthermore, according to Saberan, GRDP is added value created by various economic activities in a region. The term GRDP is a combination of four words. The first is the product which means the entire production value of goods and services. The second is domestic means the production factors in the domestic area produce the calculation of the price of products, regardless of whether the population control production factors or not. The third is regional, meaning that the population results in the production value without regard to whether the production factors used are in the domestic area or not. The last is gross means the computation of gross production value because it still contains depreciation costs [15].

The indicator to determine the condition of the regional economy is GRDP at its current and constant value. All economic units in a particular area cause the added value of GRDP. The current value GRDP describes the added value of goods and services. It calculates using the prevailing prices every year. The GRDP based on constant prices shows the added value of goods and services calculated at the current prices at a period as the base year. Current prices from year to year cause the development of GRDP. It describes development caused by changes in the production volume of goods and services and changes at price levels, displays the income that residents of an area can enjoy, and describes the added value of goods and services calculated using price every year. Factors that encourage investors to invest in the area are economic factors in the destination area, such as market potential, natural resources, and competitiveness. The amount of regional income reflects in GRDP illustrates the market potential. The GRDP on investment is crucial because high income will increase people's earnings. Subsequently, high community income will increase the demand for goods and services. The high demand will also increase the company's profits and encourage more investment. In other words, if GRDP increases, the investment will also increase [16].

### 3. METHODS

This research is juridical-empiric research, use qualitative approach to collect information, formulate relevant questions, and then link it to the given theories and principles. The data collection was through the study of literature and field study.

Then based on the obtained data regarding brands are analyzed quantitative and qualitatively. The quantitative method analyses the effect of trademark registration on GRDP growth. Quantitative analyses use an econometric model approach using data for the 2010 to 2018 period, with the focus of observation on sectoral GRDP developments associated with the development of the number of brands and workers who work in industry or business. Further, it analyses how trademark registration of creative economy products (fashion, culinary, and crafts) affects the improvement of the regional economy; and what factors affect the sales value of creative economy products (fashion, culinary, and craft) with registered and unregistered marks.

The variables analyzed for behavior were economic growth represented by the GRDP of the province of West Java per 2-digit Indonesian Standard Industrial Classification. The explanatory variables were labor (people) and the number of brand accumulations of products in each observed industry. The labor variable is the core explanatory variable for GRDP, while many brands are the control.

## 4. RESULTS AND DISCUSSION

### 4.1. Relationship Between Registration of Creative Economic Products (Fashion, Culinary, and Crafts) and Economic Improvement

The correlation between brands and the regional economy measured the accumulation of many brands in each industry. The increase of GRDP in each production explained the economic growth. To capture other factors that affect GDP, including the labor variable. The standard production function explained labor and capital goods (machinery, equipment, and buildings), but there is another addition, namely innovation in the production process represented by the brand.

It is customary or normative that the aggregate production will always increase in line with the increase in demand and population growth, including in the analyzed industry. The addition of labor and capital usually preceded The development of production. However, companies with brands will expect to produce more than companies that do not have brands under the same conditions of labor and capital. Therefore, the number of brands theoretically and logically is positively correlated with the number of productions with their gross added value.

The analyzed economic activities related to the relationship between the number of brands and GRDP are fashion, culinary, and craft product groups. The analysis

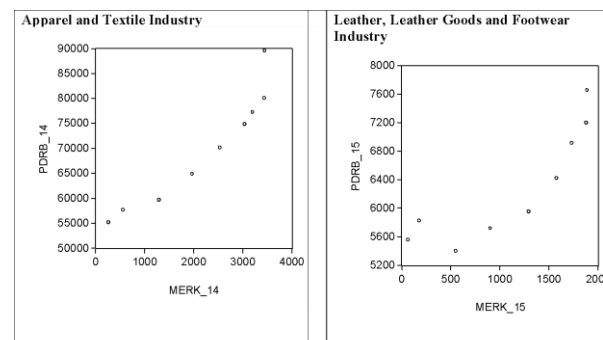
of the scale of the West Java economy in the 2010-2018 period.

**Table 1.** Creative Economy Sub-Sector Grouping

Sub-Sector Group	KBL I	Description
FASHION	14	Apparel Industry
	15	Leather, Leather Goods, and Footwear Industry
CULINARY	10	Food industry
	56	Food and Beverage Preparation
CRAFT	16	Manufacture of wood, articles of wood and cork (excluding furniture), and wickerwork of bamboo, rattan
	17	Paper And Paper Goods Industry
	23	Non-Metal Mineral Industry
	31	Furniture Industry
	32	Other Processing Industry

Indonesian Standard Industrial Classification (KBLI) Indonesian Standard Industrial Classification (KBLI) is a reference classification used to classify Indonesian economic activities/activities into several business fields/business fields, distinguished based on the type of economic activity that produces products/outputs like goods or services. KBLI is a comprehensive set of economic activity frameworks for mapping economy data. The use of the 2015 KBLI for the presentation and analysis of sectoral and function-based data, such as the importance of identifying the Creative Economy, requires more detailed information regarding the history, the degree of development of the sector, the organization of activity actors that impact on the different levels of elaboration [17].

#### 4.1.1. Fashion Sub-Sector



**Figure 1.** Correlation of the Fashion Sub-Sector with GRDP

Although there is an adequately strong correlation between many brands and GRDP, it is not convinced that the number of brands influences GRDP. Based on Figure 1., it is known that there is a strong positive relationship between apparel and textile GRDP and brand accumulation in the industry (Figure 1., left panel). The relationship tends to be linear so that the addition of many

certain brands follows the inclusion of GRDP that remains related. Likewise, there is an adequately strong correlation between the GRDP of the leather and footwear sector and the number of accumulated brands published (Figure 1., right panel). The relationship pattern tends to be non-linear, with an enormous GRDP addition following the addition of a certain number of brands.

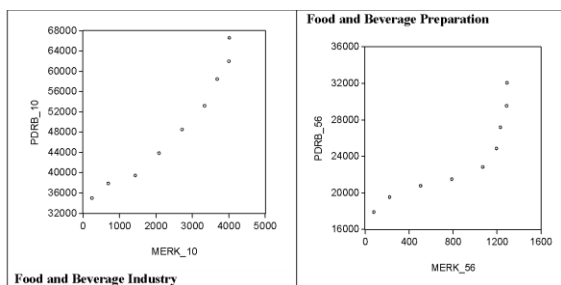
**Table 2.** Model Estimation Coefficient for Fashion Products

GRDP	Coef	P> t
Brand	7.787	0.000
Tk	-0.0283	0.122
_cons	39363.15	0.000

R-sq:  
 within = 0.7581  
 between = 1.0000  
 overall = 0.1158

In general, the model can explain GRDP, where according to the model, the brand has a significant positive effect on GRDP, while labor has an irrelevant negative consequence on GRDP. For every addition of 1 (one) new brand, GRDP will increase by 7,787 billion rupiahs. Meanwhile, the inclusion of one worker tends to reduce the sector's product and GRDP value.

4.1.2. Culinary Sub-Sector



**Figure 2.** Culinary Sub-Sector Correlation with GRDP

Based on the previous partial logical relationship above, there is a positive correlation between the GRDP of the food and beverage sector and the development of many published brands (Figure 2., left panel). The relationship tends to follow an exponential pattern. That means that the addition of brands further increases the GRDP of the food and beverage industry sector. Furthermore, there is a non-linear positive correlation between the GRDP of the Food and Beverage Provider sector and the number of brands issued by the government (Figure 2., right panel). The relationship is quite strong where the relationship pattern is similar to the letter S curve. In the same model, the addition of a brand is relevant with an

enormous increase in the GRDP of the foodservice sector.

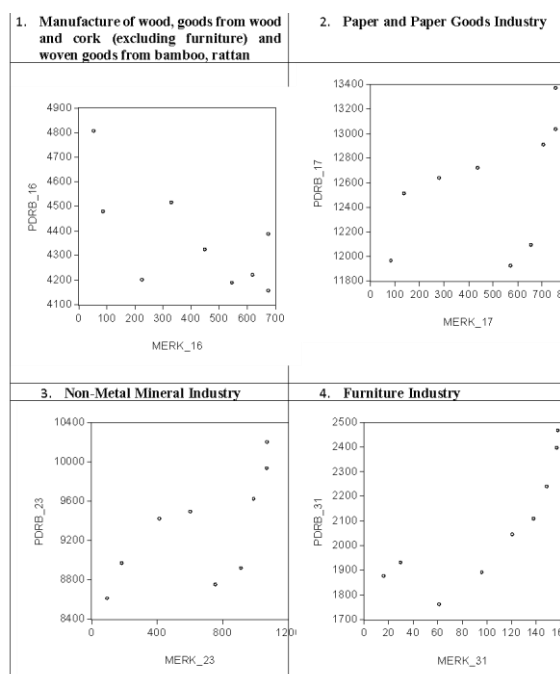
**Table 3.** Model Estimated Coefficient For Culinary Product

GRDP	Coef	P> t
Brand	7.1799	0.000
Tk	0.0072	0.023
_cons	19165.79	0.000

R-sq:  
 within = 0.9375  
 between = 1.0000  
 overall = 0.7796  
 F(2,14) = 105.01  
 Prob > F = 0.0000

In general, the model is significant in explaining GRDP. This model clarifies that the number of brands has a positive and significant effect on the GRDP of the culinary sector. Likewise, labor has a momentous consequence on GRDP. An increase in one brand increases GRDP by IDR 7.18 billion. And a rise of one worker in this industry increases GRDP by Rp. 7.2 million. This finding has to handle carefully because the model does not capture the factor of capital or capital goods, where capital is the most crucial in production equivalent to labor. If the ratio of capital and labor is assumed fixed, then employment can replace or represent an absence of modal. Thus the model discussed can be considered valid, bringing the influence of capital and labor. The implication is that the brand in the model only represents the brand's factors, not other factors.

4.1.3. Craft Sub-Sector



**Figure 3.** The Correlation of the Craft Sub-Sector with GRDP

Figure 3 presents the correlational relationship between GRDP and many accumulated brands in the Craft sector. In panel 1, there is a negative correlation between many brands and GRDP in the wood industry, goods made of wood and cork, woven goods made of bamboo, rattan, and the like. That is understandable considering that the GRDP of this sector has decreased, in line with the decrease in raw materials in the wood industry. Panel 2 shows a positive correlation between many brands and the GRDP of the paper and paper goods industry sector, although it is less able. At first, the number of brands was not strong enough to increase GRDP, but in the last observation, the GRDP addition was getting more with the inclusion of certain brands. Panel 3 shows a positive correlation between many brands and the GRDP of the non-metallic mineral industry sector (tiles, pottery, ceramics, glass, etc.), although it is less able. Panel 4 shows a positive correlation between many brands and the GRDP of the furniture industry sector, although it is less capable. The low level of the brand is not associated with an increase in GRDP. However, when the number of brands is higher, there is a strong correlation with the GRDP of this sector.

**Table 4.** Model Estimated Coefficient for Craft Products

GRDP	Coef	P> t
Brand	0.6561	0.011
Tk	0.0028	0.294
_cons	05990.129	0.000

R-sq:

within = 0.2120

between = 0.0722

overall = 0.0606

F(2,38) = 5.11

Prob > F = 0.0108

In general, the model is significant in explaining GRDP. This model clarifies that the number of brands has a significant positive effect on the GRDP of the craft sector while the workforce has no compelling consequence on GRDP. The GRDP will increase by 656 million rupiahs every time one brand adds. Meanwhile, the addition of one worker was only able to increase GDP by 2.8 million rupiahs.

**Table 5.** Model Estimated Coefficient for All Products Combined

GRDP	Coef	P> t
Brand	6.5956	0.000
Tk	0.0052	0.092

_cons	12152.82	0.000
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R-sq:

within = 0.7771

between = 0.8588

overall = 0.7205

F(2,70) = 122.01

Prob > F = 0.0000

From the explanation per industry, it can describe that for the culinary and fashion sub-sector, there is a strong positive correlation between the number of brands and GRDP, with a relationship pattern that tends to be non-linear. While in the craft sub-sector, there is a weak correlation between brands and GRDP. If all sectors combine into one equation, we find a better model than the model per KBLI group. Better in the sense that the combined model is better able to explain than the individual model. In the model, not only do brands have a significant positive effect on GRDP, but the workforce also has a positive effect, although it is somewhat less compelling. The GRDP will increase by 6.59 billion rupiahs every time one brand adds. The addition of one worker was only able to increase GDP by 5.2 million rupiahs.

#### 4.2. Factors Affecting Sales Value of Creative Economy Products (Fashion, Culinary, and Crafts) with Registered and Unregistered Brands

Based on the results of the analysis known that trademark registration has a significant influence on the growth of the creative economy. However, trademark registration cannot justified affects the sales value of creative economy products. In other words, although there is an adequately strong correlation between many brands and GRDP, it is not convinced that the number of brands influences GRDP. Because based on field data, there are still creative economy actors who have not registered their product brands for various reasons. So then analyzed the factors that affect the sales value of creative economy products, as follows:

##### 4.2.1. Internal Factors

###### a. Availability of Creative Space

Creative space as a forum for promoting the potential of the creative industry and a center for creative industry activities encourages tourists to go on shopping tours or carry out other tourism activities and activities. The creative economy development model as a driver of the tourism sector can acclimate from creative city models. Creative cities rely on the quality of human resources to form (can be in the form of design or redesign) creative spaces. The formation of a creative area is needed to stimulate the emergence of creative ideas because

humans placed in a conducive environment will be able to produce creative products of economic value [18].

The Bandung City Government strongly supports the growth of the creative economy, such things as a little Bandung store. All innovative products are decent of being sold at home and abroad and are collected and assisted in selling in shops with the little Bandung store mark or online. The Bandung City Government also built the Bandung Creative Hub as a center for creativity in the incubation stage of ideas, production, and promotion of the creative potential of the existing creative economy sub-sectors. Bandung Creative Hub consists of five floors containing a cafe, a shop designed for youth-style clothing, a library providing a variety of comics, a cinema auditorium used for film screenings, performing arts and fashion shows, art galleries, and audio studios. The Bandung Creative Hub format, which concentrates all creative activities from the 16 sub-sectors of the creative economy in Bandung in one place, is considered able to open up opportunities for artists to collaborate with artists from both the same sub-sector and different sub-sectors.

#### b. Human Resource Development

Creative industries have weaknesses in product design, both in quantity and quality of work designs. This weakness is due to limited knowledge and insight into the market, which causes a weak model of poor quality and a lack of contemporary touch. Human resource management in MSME includes recruitment, selection, placement, development, compensation (wages), retention, evaluation, promotion, and termination of employment. HR training in MSME is still very limited in number. In general, the MSME business prioritizes marketing and financial activities because these two things are crucial determinants of business growth. The education and skills aspects function to assist the creative industries in learning and getting what they need in the preparation, continuation, and renewal of their trained workforce, at the same time providing opportunities for education and training providers to better understand and respond to the needs of the creative industry.

#### c. Creative Community

The existence of community events or activities that can become a medium or forum for the development of the creative industry serves to assist creative production in identifying and using innovative processes and technologies. Bandung Creative City Forum is a forum cross-creative community organization declared by various creative communities in Bandung that provides benefits to the general public and the creative community as members in different information and activities. This activity is through an educational and innovative approach. Not only that, but Bandung Creative City Forum also participates in planning and repairing urban

infrastructure to create supporting facilities for creative economic development. In this way, creative businesses are individuals, and the community will build as a concrete form of creative economic growth.

#### d. Marketing distribution of creative industry products/services to overseas exports

The marketing aspect serves to help the creative industry to be more professional and can produce quality products for the global market and increase knowledge about the market. The Bandung City Department of Trade and Industry provides promotional media for innovative products of Bandung City MSME to be known and even marketed abroad (little Bandung). Not only with local governments, but Bandung City MSME also collaborate with the central government, for example, creative economy players with culinary products in collaboration with the Creative Economy Agency so that they have the opportunity to exhibit the best food products throughout Indonesia. The Ministry of Industry also provides exhibition facilities abroad like booths, transportation, free accommodation, and exhibitions from various provinces that can be participated by associations, agencies, and communities.

#### e. Partnership

The relationship between Intellectuals, Businesses, and the government overshadows the current structure of the creative industry as the 'triple helix' system. That is the essential factor driving the birth of creativity, ideas, science, and technology, which are vital for the advance of creative industries in Indonesia. Since 2017, the Ministry of Industry has had an e-Smart, MSME database system present in industry profiles both centers and products integrate with existing marketplaces. The form of partnership with e-commerce aims to increase MSME market access through internet marketing and increase the ability of MSME to access raw materials, technology, and capital. Meanwhile, the benefits obtained by MSME are expanding market access, getting online promotions, reducing promotion and marketing costs, and getting government guidance. By creating an e-Smart program, the government becomes one of the stakeholders with regulations and responsibilities in developing a business. The government acts as a regulator, and a controller, supporter of innovation networks and public-private partnerships.

#### f. Local government programs and activities that expedite the strengthening of creative resources as the basis for the advance of creative industries, including facilitation and raising awareness of IPR.

The problem faced by local governments in implementing the protection of creative industries is that they do not have regulations governing the management of intellectual property rights, as can be seen from the

many violations of innovative products. The Industry and Trade Office and the Micro Small and Medium Enterprises Cooperative Service have made efforts to protect creative economy products by facilitating creative economy actors to register their product brands to prevent infringement actions such as brand imitation. Based on the narrative of one of the creative economy actors in the culinary field, there are already products imitated before he registered his brand and sold them online at low prices.

The West Java Regional Office for Law and Human Rights has the following constraints: First, budget constraints or financing at the Regional Office for Law and Human Rights, where the budget is limited, so that in some cases, such as sending documents, the Director-General of Intellectual Property Rights does not provide the allocation so that IPR services at the West Java Regional Office for Law and Human Rights are constrained; Second, the information from the Directorate General of Intellectual Property Rights is still not open makes difficult if there are matters relating to the rejection of IPR applications; and Third, IPR socialization activities that have not carried out optimally. So far, it is still very dependent on cooperation in sub-fields of extension and legal aid, where the existing budget in DIPA is combined.

#### 4.2.2. External Factors

##### a. National policy support for creative industry development

The government has launched Presidential Regulation number 142 of 2018 concerning the master plan for the growth of the national creative economy. The goal is to make the creative economy the essential driver of national economic development. There are 12 policy directions for the growth of the creative economy in the Presidential Decree on Rindekraf. The first is empowering creative economic actors. The second is the development of creative cities. Third, increasing public appreciation of IPR. The fourth is the provision of technology infrastructure. Fifth is institutional development. The Sixth is to gain financing. Seventh, increasing the protection, development, and utilization of natural resources. Eighth, increasing intellectual property protection. Ninth, the provision of infrastructure and technology. Tenth, the development of standardization and good business practices. Eleventh, increasing marketing and promotion of creative works. Lastly, strengthening the business climate.

##### b. Increased competition for creative industry products

Globalization and free trade that high demand competitiveness has led to higher competition for foreign products and the number of competitors. That is a threat to local products plus the majority of people are less

interested in domestic products. The increasing number of businesses in the micro and small sector can improve the region's economy. In addition to improving the economy, the development number of MSMEs has also increased competition among businesses in the food industry sector. MSME generally has weaknesses, including MSME is a family-owned business, the use of technology is still relatively simple, lacks access to capital, and there is no separation between business capital and personal needs. Alarape (2013) states that the best way to improve MSME performance is to increase three main dimensions of entrepreneur orientation, including being innovative, proactive, and willing to take risks.[10]

Lack of entrepreneurship includes creative skills, innovation, research and development skills, managerial skills, and business skills that impact business people's difficulties in commercializing products. Creative industry competition in the global market requires business actors to be more creative and pay attention to the quality of each product produced. With better quality, the innovative products form of the community will accept by the market.

##### c. Facilitation of IPR protection

One of the mechanisms for registering IP by small and medium industry (MSME) is the mechanism implemented at the Ministry of Industry, as follows: IP registration can be through a request for facilitation of IP registration from the Industry and Trade Office or through direct consultation with the IPR-MSME clinic. IPR-MSME clinic will check the brand on the Directorate General of Intellectual Property of the Ministry of Law and Human Rights website after a letter or consultation. IPR- MSME clinic will inform of the conditions to complete to submit the mark after the mark is declared to be submitted. IPR- MSME clinic can send it via email or post and wait in line to apply for registration to the Directorate General of Information and Communication Technology of the Ministry of Law and Human Rights after completing the requirements. The IPR- MSME clinic also provides guidance and consultation for MSME and the public regarding IPR and information in the IP field, such as distributing IP guidebooks, brochures, and other information about IP.

The lack of public knowledge and understanding of the Trademark Law covering the process (time), costs, requirements, and registration system is also a concern of the government in encouraging the participation of creative economy actors to register their trademarks. IP protection related to the IP registration system that registration procedures are considered complicated, expensive, and time-consuming and tend to be uncertain are the causes that are ultimately not registered. That weakens legal protection and has implications for the



non-protection of creative economy products. The Central Government and Regional Governments continuously conduct socialization about IP. The Ministry of Industry to provincial or district/city supervisory officers (industrial extension officers) to assist MSME in the regions provided IP training. However, public understanding of trademark registration takes a long time, costs a lot, is complicated, and is far away. The Bandung City Cooperatives, Micro, Small, and Medium Enterprises Office said that the registration period does take a long time. The problem is the length of time it takes to issue certificates. One of the creative economy actors with fashion products said that the length of time is the issuance of a certificate causes the others to imitate the goods. Compared to the product life cycle period, the derivation of brand certificates takes a long time, so it cannot overcome imitation by competitors.

For the enormous costs, there is no need to be concerned for MSME actors because the government has provided fee waivers for MSMEs to register their product brands to IDR 500.000 (online) or IDR 600.000 (manually) by attaching an MSME certificate. Government central and regional levels provide chargeless KI registration facilities for MSME. In 2018, the Bandung City Industry and Trade Service registered 60 MSME brands. The Creative Economy Agency provided 2500 brand registration facilitation for creative economy actors. While in 2019, the Ministry of Industry conducted 391 trademark registrations out of 500 facilitated trademark registrations.

## 5. CONCLUSION

The existence of a brand will protect creative economy actors, able to do business productively and progressively, and avoid unfair or detrimental competitive practices. Indirectly, the brand can contribute to increasing output or at least maintaining the sales output of creative economy products. The correlation analysis found that the number of creative economy product brands (fashion, culinary, and crafts) had a significant positive correlation with economic growth based on GRDP in West Java province for the 2010-2018 period. However, it is not only trademark registration that affects the regional economy but also other factors that affect the improvement of the regional economy.

Similar factors influence the sales value of these products among innovative products with registered and unregistered brands. The identified factors that the availability of creative space, human resource development, the existence of a creative community, product marketing, partnerships with business and government actors, product development, and central and regional government programs and policies that are assumed to be able to support increased sales of creative

economy products. There is a difference between products with registered brands, namely the opportunity for market expansion through e-commerce which requires brand certification. However, in terms of IP protection, especially trademarks, it is still weak in terms of implementation due to the lack of knowledge and understanding of creative economy actors, which both regarding the importance of IP protection and the process (time), financing, requirements, and the trademark registration system.

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