

## RECONSTRUCTION OF REGISTERED INTELLECTUAL PROPERTY RIGHTS IN INDONESIAN FRANCHISE BUSINESS FORMAT: A LEGAL FRAMEWORK

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### ABSTRACT

Explore the reconstruction of registered intellectual property rights (IPR) within the Indonesian franchise business model, emphasizing the legal framework that governs this vital sector. Begin by defining franchising and its significance to Indonesia's economic growth, focusing on the essential role of IPR as a cornerstone for both franchisors and franchisees. Through a detailed analysis of existing regulations, including Government Regulation No. 42 of 2007 and pertinent IPR laws, Identify critical challenges and loopholes that hinder effective protection of IPR in franchising. Subsequently, I propose comprehensive strategies to enhance the registration and enforcement of trademarks, copyrights, and trade secrets within franchise agreements. Recommend legal reforms aimed at strengthening IPR protection, including the establishment of specialized courts for IPR disputes and the introduction of educational initiatives to raise awareness among stakeholders. This thesis aims to contribute to a more robust franchise environment in Indonesia by advocating for improved IPR frameworks that support sustainable economic development.

**Keywords:** Franchising, Intellectual Property Rights, Legal Framework, Indonesia, Economic Development.

## **Introduction: Franchising and Intellectual Property in Indonesia**

Franchising, as a business model, has grown exponentially over the years, becoming a major driving force in various economies worldwide. At its core, franchising is a method of business expansion where the franchisor grants the franchisee the right to operate a business under the franchisor's established brand, system, and intellectual property (IP). This model enables businesses to scale quickly, leveraging the entrepreneurial spirit and investment of franchisees while maintaining centralized control over brand integrity and operational processes (Santoso, 2019).

In Indonesia, franchising has become increasingly vital, contributing significantly to job creation, entrepreneurship, and economic development. According to recent data, the franchise sector in Indonesia has expanded rapidly due to its adaptability to various industries, including food and beverages, retail, education, and healthcare (Rachman & Hendrawan, 2021). This growth is linked to the increasing middle-class population, urbanization, and consumer demand for reliable and recognizable brands. By providing opportunities for small and medium enterprises (SMEs) to thrive under an established business framework, franchising has been instrumental in bridging gaps in business expertise and market access.

Moreover, the franchise model serves as a platform for knowledge transfer, where franchisees gain access to proven business strategies, operational systems, and training programs. This transfer of know-how is particularly valuable in Indonesia, where many aspiring entrepreneurs lack the resources or experience to build businesses independently. As noted by Kencono (2023), franchising creates an ecosystem that fosters economic inclusivity, enabling local entrepreneurs to participate in sectors traditionally dominated by large corporations. This symbiosis strengthens the national economy by promoting innovation, generating employment, and enhancing consumer choice.

However, the success of franchising in Indonesia is not without its challenges. While the business model offers immense potential, it also requires a robust legal and regulatory framework to address the complexities associated with intellectual property rights (IPR), contractual obligations, and dispute resolution mechanisms.

Intellectual property rights are the cornerstone of the franchise business model. They encompass a range of legal protections for intangible assets, including trademarks, copyrights, patents, and trade secrets, which collectively form the foundation of a franchise's identity and value proposition. Trademarks, for instance, are essential for establishing brand recognition and consumer trust, as they distinguish the franchisor's products and services from competitors in the marketplace (Zulkifli et al., 2024). For franchisees, the ability to operate under a well-known trademark is one of the primary incentives for entering into a franchise agreement.

Copyrights also play a pivotal role in franchising, particularly in protecting creative works such as marketing materials, training manuals, and operational guides. These materials are critical for ensuring consistency across franchise outlets, enabling

franchisees to replicate the franchisor's business model effectively. As highlighted by Winata (2021), copyrights safeguard the intellectual output of franchisors, preventing unauthorized use or reproduction that could undermine the integrity of the franchise system.

Trade secrets and know-how are equally vital in the franchise context. These proprietary assets include confidential business information, recipes, processes, and strategies that give the franchise a competitive edge. Without adequate protection for trade secrets, franchisors risk losing their unique value proposition, as unauthorized disclosure could lead to replication by competitors or misuse by franchisees. The inclusion of non-disclosure agreements (NDAs) and confidentiality clauses in franchise agreements is therefore essential for mitigating such risks (Maulidiana, 2017).

Patents, while less common in certain franchise sectors, are important in industries where innovation plays a central role, such as technology or pharmaceuticals. For instance, a patented product or process can provide a franchisor with a significant advantage, as it ensures exclusivity and prevents competitors from copying the underlying invention. As Muryatini et al. (2023) point out, the strategic use of patents can enhance the value of a franchise, attracting franchisees who wish to capitalize on unique offerings.

For both franchisors and franchisees, the protection of IPR is not merely a legal requirement but a business imperative. Without robust IPR safeguards, the franchise relationship becomes vulnerable to disputes, market dilution, and reputational damage. Furthermore, weak IPR enforcement can discourage foreign franchisors from entering the Indonesian market, limiting opportunities for local entrepreneurs and consumers.

Indonesia has made significant strides in developing its legal framework for IPR protection and franchising, yet challenges persist. The primary legislation governing franchising in Indonesia is Government Regulation No. 42 of 2007, which outlines the requirements for franchise agreements, registration, and disclosure. This regulation mandates that franchise agreements include provisions on intellectual property usage, ensuring that both parties understand their rights and responsibilities. Additionally, Indonesian intellectual property laws, such as Law No. 20 of 2016 on Trademarks and Geographical Indications, Law No. 28 of 2014 on Copyright, and Law No. 13 of 2016 on Patents, provide a general framework for IPR protection applicable to franchising (SH, 2020).

Despite these legal provisions, the practical implementation and enforcement of IPR protection in franchising remain inconsistent. One major challenge is the complexity of the registration process for intellectual property, which can be time-consuming and costly for franchisors. Many SMEs, which form a significant portion of the franchise market in Indonesia, lack the resources or knowledge to navigate these procedures effectively. Triasih and Muryati (2020) observe that this barrier often leads to under-registration of IPR, leaving franchisors and franchisees exposed to potential infringements.

Another issue is the lack of specific provisions addressing franchise-related IPR disputes. While general mechanisms for resolving intellectual property disputes exist, they are not tailored to the unique dynamics of franchising. This gap creates uncertainty for both parties, as they may face difficulties in enforcing their rights or seeking remedies for violations. Furthermore, the limited capacity of Indonesian courts to handle complex IPR cases contributes to delays and inconsistencies in judicial outcomes.

The enforcement of IPR in the digital age presents additional challenges. With the rise of e-commerce and digital marketing, franchisors and franchisees must contend with online infringements, such as counterfeit products, unauthorized use of trademarks, and copyright violations. The existing legal framework does not fully address these issues, leaving businesses vulnerable to exploitation in the digital marketplace (Hastino et al., 2025).

Lastly, there is a need for greater awareness and education on the importance of IPR in franchising. Many franchisees, particularly those operating at the grassroots level, have limited understanding of their rights and obligations under franchise agreements. This knowledge gap can lead to unintentional violations or disputes, undermining the stability of the franchise relationship.

Given the critical role of IPR in franchising and the challenges outlined above, it is clear that Indonesia's legal framework requires reconstruction to better protect the interests of franchisors and franchisees. This reconstruction should focus on enhancing the clarity, accessibility, and enforceability of IPR-related provisions in franchise agreements. It should also address the specific needs of the franchise sector, such as tailored dispute resolution mechanisms, streamlined registration processes, and stronger enforcement capabilities.

Moreover, the reconstruction effort must consider the evolving nature of franchising in the digital era, ensuring that the legal framework is equipped to handle new forms of IPR infringement and exploitation. As noted by Santoso (2019), a proactive approach to IPR protection is essential for fostering a healthy franchise environment in Indonesia, where businesses can thrive without fear of unfair competition or legal uncertainties.

In conclusion, franchising represents a powerful engine for economic growth and entrepreneurship in Indonesia. However, its full potential can only be realized if the legal framework governing IPR protection is robust, comprehensive, and responsive to the needs of modern businesses. By addressing the existing challenges and implementing targeted reforms, Indonesia can create a more secure and equitable environment for franchisors and franchisees alike, paving the way for sustainable growth in the franchise sector.

## **Analysis of Existing Legal Framework Governing Franchise and IPR in Indonesia**

The franchise business model has become an increasingly pivotal component of Indonesia's economic landscape, providing opportunities for both local and international business ventures to thrive. At the heart of Indonesia's regulatory framework for franchising is Government Regulation No. 42 of 2007 on Franchising, which lays out the legal foundation for franchise agreements, the responsibilities of franchisors and franchisees, and the registration process for franchise businesses. This regulation recognizes franchising as a business model premised on the use of intellectual property rights, such as trademarks, trade secrets, and other proprietary assets, which are licensed by the franchisor to the franchisee in exchange for fees or royalties (Santoso, 2019).

Under Government Regulation No. 42 of 2007, a franchise agreement is required to include specific elements to ensure transparency and clarity between the contracting parties. These elements include details about the intellectual property being licensed, the scope of the franchise, the rights and obligations of both parties, and the terms for dispute resolution. The regulation also mandates that franchise agreements be registered with the Ministry of Trade, a process that provides legal certainty for both franchisors and franchisees. However, the registration process is often criticized for being bureaucratic and time-consuming, which may discourage compliance, especially among smaller businesses (Rachman & Hendrawan, 2021).

One of the unique aspects of Indonesian franchise law is the emphasis on domestic economic development. Government Regulation No. 42 of 2007 requires franchisors to prioritize the use of domestic goods and services in their franchise operations, a stipulation intended to support local suppliers and manufacturers. While this provision aligns with the government's broader economic policies, it can pose challenges for international franchisors who may rely on proprietary products or services that are not readily available in Indonesia (Kencono, 2023).

In addition to franchise-specific regulations, several key pieces of intellectual property legislation govern the use and protection of IPR within the franchise framework in Indonesia. These laws include Law No. 20 of 2016 on Trademarks and Geographical Indications, Law No. 28 of 2014 on Copyright, and Law No. 13 of 2016 on Patents. Together, they provide the legal tools necessary to secure the intellectual property assets that underpin most franchise systems.

### **1. Trademarks:**

Trademarks are perhaps the most significant intellectual property asset in franchising, as they represent the brand identity that franchisees license from franchisors. Law No. 20 of 2016 on Trademarks and Geographical Indications governs the registration, protection, and enforcement of trademarks in Indonesia. Under this law, trademarks must be registered with the Directorate General of Intellectual Property

(DGIP) to receive legal protection. This registration process is crucial for franchisors, as it establishes their exclusive right to use the trademark and prevents unauthorized use by third parties (Zulkifli, Praseyo, & Pakpahan, 2024).

However, the trademark registration process in Indonesia is often criticized for its inefficiency and lack of transparency. Applicants face delays due to administrative backlogs, and there have been cases where trademarks are contested due to overlapping claims. For franchise businesses, these issues can complicate the process of securing trademark protection, which is a prerequisite for entering into franchise agreements. Furthermore, the enforcement of trademark rights remains a challenge, as counterfeit goods and trademark infringements are prevalent in Indonesia (Winata, 2021).

### **2. Copyrights:**

Copyright law, as outlined in Law No. 28 of 2014, plays a significant role in protecting the creative works associated with franchise operations, such as training manuals, marketing materials, and software systems. These materials are often integral to maintaining the uniformity and quality standards of a franchise system. Franchisors typically license these copyrighted works to franchisees as part of the franchise package, with specific terms governing their use and reproduction (SH, 2020).

Despite the legal framework for copyright protection, enforcement remains a significant challenge in Indonesia. Cases of unauthorized copying and distribution of copyrighted materials are not uncommon, and the remedies available to rights holders are often inadequate. For franchisors, this creates a risk that their proprietary materials could be misused, undermining the integrity of the franchise system.

### **3. Patents:**

In some franchise systems, patents may also play a role, particularly in industries where proprietary technology or processes are a key selling point. Law No. 13 of 2016 on Patents provides the legal framework for securing patent protection in Indonesia. However, the patent application process is complex and time-consuming, and the cost of obtaining and maintaining a patent can be prohibitive for some businesses (Triasih & Muryati, 2020).

While Indonesia has made significant progress in developing a legal framework for franchising and intellectual property protection, several challenges and loopholes continue to hinder the effective implementation of these laws.

#### **1. Enforcement Issues:**

One of the most significant challenges is the weak enforcement of intellectual property rights. Despite the existence of legal remedies for IPR infringement, the enforcement mechanisms are often inadequate. The judiciary lacks specialized knowledge of franchise-related IPR issues, and the penalties for infringement are not always sufficient to deter violations. As a result, franchisors and franchisees may struggle to protect their intellectual property assets effectively (Muryatini, Dewi, et al., 2023).

#### **2. Registration Complexities:**



The registration processes for both franchise agreements and intellectual property rights are often seen as overly bureaucratic. For franchisors, navigating these processes can be a time-consuming and costly endeavor, which may discourage compliance. Moreover, the lack of transparency in the registration process can lead to disputes over ownership and rights, further complicating the legal landscape (Maulidiana, 2017).

### **3. Lack of Specific Provisions for Franchise-Related IPR Issues:**

While Indonesia's intellectual property laws provide general protections for trademarks, copyrights, and patents, they do not include specific provisions addressing the unique challenges of franchise-related IPR issues. For example, there is no clear guidance on how franchisors can enforce their rights against franchisees who misuse intellectual property or how disputes related to franchise agreements should be resolved. This lack of specificity leaves franchisors and franchisees to navigate a legal gray area, which can lead to conflicts and uncertainty (Hastino, Fauziah, & Maylani, 2025).

### **4. Limited Awareness and Education:**

Another significant issue is the limited awareness and understanding of intellectual property rights among franchisors, franchisees, and even government officials. Many businesses, particularly small and medium enterprises (SMEs), lack the knowledge and resources to navigate the complex legal landscape of IPR protection. This knowledge gap can result in non-compliance with legal requirements, leaving franchisors and franchisees vulnerable to disputes and infringements (Santoso, 2019).

The legal framework governing franchising and intellectual property rights in Indonesia is a complex and evolving system that seeks to balance the interests of franchisors, franchisees, and the broader economy. While regulations such as Government Regulation No. 42 of 2007 and laws on trademarks, copyrights, and patents provide a foundation for protecting IPR in franchising, significant challenges remain. Issues related to enforcement, registration complexities, and the lack of specific provisions for franchise-related IPR issues highlight the need for further reform. Addressing these challenges will require a combination of legal amendments, improved enforcement mechanisms, and greater awareness of the importance of intellectual property rights in fostering a healthy franchise environment. Only through such efforts can Indonesia fully realize the potential of franchising as a driver of economic growth and innovation.

## **Reconstruction of IPR Protection Mechanisms in Franchise Agreements**

Franchising as a business model has become increasingly popular across the globe, including in Indonesia, due to its potential for economic growth and the opportunity it provides for entrepreneurs to operate under established brands. However, at the heart of every successful franchise lies the effective management and protection of intellectual property rights (IPR). Intellectual property serves as the foundation of the franchise system, encompassing trademarks, copyrights, trade secrets, and other proprietary assets that distinguish the franchisor's brand, products, and services. In

Indonesia, the legal framework governing IPR in franchise agreements has shown promise but also contains gaps that necessitate reconstruction. This section delves into strategies for improving IPR protection mechanisms within franchise agreements, focusing on trademarks, copyrights, trade secrets, and dispute resolution processes.

### **Proposed Legal Reforms for Enhanced IPR Protection in Franchising**

The Indonesian franchise sector has experienced remarkable growth over the years, contributing significantly to the economy by creating jobs and fostering entrepreneurship. However, the sector faces a critical challenge—ensuring robust protection for intellectual property rights (IPR), which are foundational to the franchise business model. Trademarks, copyrights, patents, and trade secrets form the core of a franchise's value proposition, and any lapses in their protection can lead to disputes, financial losses, and reputational damage for franchisors and franchisees alike. This section explores proposed legal reforms for strengthening IPR protection in Indonesian franchising, providing a roadmap for addressing existing challenges and fostering a more secure and sustainable business environment.

The existing regulatory framework for franchising in Indonesia, notably Government Regulation No. 42 of 2007, provides a foundation for governing franchise agreements. However, it lacks comprehensive provisions to address the nuances of IPR protection in franchising. Amendments to existing regulations should aim to clarify and strengthen the legal framework, ensuring that IPR-related disputes are minimized and that franchisors and franchisees operate within clearly defined boundaries.

A critical area requiring reform is the explicit delineation of liabilities in cases of IPR infringements. Currently, the absence of detailed provisions leaves room for ambiguity, often leading to prolonged disputes between parties. New amendments should mandate the inclusion of clauses in franchise agreements that specify the responsibilities of franchisors and franchisees in safeguarding IPR. For instance, franchisors should be responsible for registering and maintaining trademarks, while franchisees should be obligated to comply with brand usage guidelines to prevent dilution or misuse (Rachman & Hendrawan, 2021).

Trademarks are among the most visible and valuable assets in a franchise system, representing the brand and its reputation. To enhance protection, the legal framework should mandate the registration of franchise-specific trademarks with the Directorate General of Intellectual Property (DGIP) before granting franchise rights. This measure ensures that trademarks are legally recognized and protected against unauthorized use. Furthermore, the government could establish a specialized database for franchise-related trademarks, facilitating easier monitoring and enforcement (Kencono, 2023).

Franchisors often face challenges in ensuring that franchisees have the capacity to uphold brand standards, including IPR compliance. Introducing standardized due diligence processes as part of the franchise registration requirements can mitigate these challenges. Such processes could include verifying the financial stability of franchisees, assessing their understanding of IPR obligations, and ensuring their willingness to



adhere to contractual terms. By embedding these requirements into the legal framework, the government can create a more accountable and transparent franchising ecosystem (Faeni, 2015).

While regulatory amendments are essential, their effectiveness depends on the strength of enforcement mechanisms. Unfortunately, Indonesia has long struggled with weak enforcement of IPR laws, which undermines the confidence of franchisors and investors. Addressing this issue requires a multifaceted approach involving legal, institutional, and collaborative reforms.

One of the most significant hurdles in IPR enforcement is the lack of specialized judicial bodies to handle franchise-related disputes. General courts often lack the expertise to navigate the complexities of IPR cases, leading to inconsistent rulings and delayed resolutions. Establishing specialized courts or tribunals with expertise in franchise and IPR matters can ensure more consistent and efficient adjudication. These courts could also play a role in setting legal precedents, providing clearer guidance for franchisors and franchisees (Zulkifli et al., 2024).

Collaboration between government agencies, such as the DGIP, and franchise associations can significantly improve IPR enforcement. For example, franchise associations can act as intermediaries, helping to identify and report infringements while providing support to affected parties. Joint initiatives, such as regular audits of franchise operations and public awareness campaigns, can further strengthen compliance. These collaborations should be formalized through memorandums of understanding (MoUs) and supported by adequate funding (Maulidiana, 2017).

The current penalties for IPR infringements in Indonesia are often insufficient to deter violations. Legal reforms should introduce stricter penalties, including substantial fines and imprisonment, to emphasize the seriousness of IPR violations. Additionally, repeat offenders could face harsher consequences, such as being blacklisted from operating franchise businesses. These measures would not only deter potential infringers but also reinforce the importance of IPR compliance within the franchise sector (SH, 2020).

Disputes are an inevitable aspect of business relationships, but the way they are resolved can have long-term implications for the parties involved. In franchising, where relationships are built on trust and collaboration, adversarial litigation can damage goodwill and disrupt operations. Mediation and arbitration offer alternative dispute resolution (ADR) methods that are particularly suited to franchise-related IPR disputes.

Mediation and arbitration provide several advantages over traditional litigation. They are generally faster, less expensive, and more flexible, allowing parties to tailor the resolution process to their specific needs. Additionally, these methods are less adversarial, enabling franchisors and franchisees to preserve their business relationships. For instance, mediation allows for open dialogue and mutual problem-solving, while arbitration provides a binding resolution without the delays of court proceedings (Winata, 2021).

To encourage the use of ADR, franchise agreements should include tailored clauses specifying mediation and arbitration as the preferred methods for resolving disputes. These clauses should outline the procedures to be followed, the choice of mediators or arbitrators, and the enforceability of decisions. For example, parties could agree to use the services of the Indonesian National Arbitration Board (BANI), which has experience in handling franchise disputes. By embedding ADR into contracts, franchisors and franchisees can ensure a smoother and more predictable resolution process (Wibowo et al., 2025).

Despite its benefits, ADR remains underutilized in Indonesia due to a lack of awareness and expertise. Legal reforms should include initiatives to promote ADR among franchisors, franchisees, and legal professionals. Training programs, workshops, and informational campaigns can help stakeholders understand the advantages of ADR and how to effectively use it in resolving disputes (Triasih & Muryati, 2020).

Legal reforms are only as effective as the stakeholders' understanding and compliance. In the context of franchising, both franchisors and franchisees must be well-informed about their IPR obligations and the implications of non-compliance. Additionally, government officials and enforcement agencies need adequate training to effectively implement and monitor IPR regulations.

Educational programs for franchisors and franchisees should focus on the importance of IPR protection, the legal requirements for compliance, and best practices for safeguarding intellectual property. For example, franchisors could receive training on drafting robust franchise agreements, while franchisees could learn about the consequences of IPR infringements. These programs could be delivered through workshops, webinars, and online courses, making them accessible to participants across the country (Muryatini et al., 2023).

Government officials play a crucial role in enforcing IPR laws and supporting franchise businesses. Awareness campaigns targeting these officials can enhance their understanding of the unique challenges faced by the franchise sector and the importance of robust IPR protection. For instance, training sessions could cover topics such as the identification of IPR infringements, the use of technology for monitoring compliance, and the application of penalties for violations (Rachman & Hendrawan, 2021).

Finally, public awareness campaigns can help create a culture of respect for intellectual property within the broader community. These campaigns could highlight the economic and social benefits of franchising, emphasizing the role of IPR in driving innovation and entrepreneurship. By fostering a greater appreciation for intellectual property, these initiatives can reduce the prevalence of IPR infringements and support the growth of the franchise sector (Kencono, 2023).

The reconstruction of IPR protection mechanisms in Indonesian franchising requires a comprehensive approach that combines regulatory amendments, enhanced enforcement, alternative dispute resolution, and educational initiatives. By addressing

the existing gaps and challenges, these reforms can provide a solid foundation for the sustainable growth of the franchise sector. Ultimately, a robust legal framework for IPR protection will not only benefit franchisors and franchisees but also contribute to Indonesia's economic development and global competitiveness.

## Conclusion

The reconstruction of registered intellectual property rights (IPR) in the Indonesian franchise business model is not just a legal necessity; it is a crucial step toward ensuring sustainable economic growth and fostering a more robust entrepreneurial environment. The franchise industry in Indonesia has been experiencing rapid growth, contributing significantly to the economy by creating job opportunities and facilitating business development at various levels. However, this growth comes with challenges, particularly in the realm of IPR protection.

Franchising, by its very nature, relies heavily on the protection of intellectual property. The essence of a franchise is to replicate successful business models, and at the heart of this replication lies proprietary knowledge, trademarks, copyrights, and trade secrets. The current legal framework governing franchising and IPR in Indonesia, although existing, shows gaps that need to be addressed to protect both franchisors and franchisees effectively. These gaps can lead to disputes, loss of brand value, and diminished consumer trust, which can ultimately impact the success of the franchise system as a whole.

To begin with, the importance of franchising in Indonesia cannot be overstated. The franchise sector has been a driving force behind the economic growth of the country, with numerous local and international brands establishing their presence in the market. According to the Indonesian Franchise Association, the franchise business in Indonesia has seen a growth rate of approximately 15% annually over the past few years. This growth has created tens of thousands of jobs, empowering individuals and communities across the nation. However, without a solid framework to protect IPR, this vibrant sector is at risk.

The role of intellectual property rights in the franchise business model is critical. Trademarks serve as the face of the brand, allowing consumers to identify the source of products or services. Copyrights protect creative works, including marketing materials and training programs, which are essential for maintaining the quality and consistency of franchise operations. Trade secrets, such as recipes or unique business processes, are the lifeblood of many franchises. Thus, the legal protection of these assets is paramount for ensuring the longevity and success of franchising in Indonesia.

Currently, the legal landscape surrounding IPR in Indonesian franchising is somewhat fragmented. Government Regulation No. 42 of 2007 outlines various requirements for franchise agreements and the registration processes involved. However, the enforcement of these regulations remains weak, and there are numerous loopholes that can be exploited by those looking to infringe on IPR. For instance, while the registration of trademarks is a fundamental requirement, the process can be

cumbersome and complex, leading to delays and potential losses for franchisors. Moreover, the lack of specialized courts for IPR disputes means that cases can be drawn out over many months or even years, further complicating the situation.

In light of these challenges, the reconstruction of IPR protection mechanisms within franchise agreements is essential. Strengthening the registration and enforcement of trademarks is one of the foremost strategies that should be employed. Franchise agreements should include detailed clauses that specify how trademarks can be used, monitored, and controlled by the franchisor. This not only helps protect the brand but also ensures that franchisees adhere to established brand standards, thereby maintaining the integrity of the franchise.

Additionally, addressing copyright issues is necessary for enhancing the protection of creative works within franchise operations. Franchise agreements must explicitly outline the ownership and use of copyrighted materials, such as operational manuals, marketing collateral, and training materials. Clear licensing terms should be established to prevent unauthorized use and to ensure that franchisees understand their rights and responsibilities regarding these materials.

Furthermore, protecting trade secrets and know-how is vital for the competitive advantage of franchises. This can be achieved by incorporating robust confidentiality agreements, non-compete clauses, and detailed provisions regarding the handling of proprietary information. Such measures not only safeguard sensitive information during the franchise term but also ensure that franchisees do not use this information to compete against the franchisor after the termination of their agreement.

Dispute resolution mechanisms also play a critical role in IPR protection within franchises. Including specific clauses related to arbitration and mediation can facilitate the swift resolution of disputes that may arise from IPR infringements. These alternative dispute resolution methods offer a more cost-effective and faster solution, preserving business relationships and minimizing disruptions in the franchise operations.

Looking ahead, proposed legal reforms are crucial for enhancing IPR protection in the Indonesian franchising landscape. Recommendations for amending existing franchise regulations should focus on clarifying IPR protection provisions, specifically addressing liabilities related to IPR infringements. The introduction of standard procedures for the registration of franchise-specific trademarks can also streamline the process and encourage compliance among franchisees.

Moreover, improving IPR enforcement mechanisms is necessary to deter potential infringers. Establishing specialized courts or tribunals dedicated to handling franchise-related IPR disputes could significantly reduce the backlog of cases and ensure that justice is served promptly. Additionally, fostering collaboration between IPR enforcement agencies and franchise associations can lead to more effective strategies for combating IPR infringements.

Another aspect of the proposed reforms involves the integration of mediation and arbitration into the dispute resolution process. These methods can provide a more

amicable and efficient way to settle disputes related to IPR, allowing franchisors and franchisees to maintain their professional relationships while resolving their differences. The benefits of these alternative methods include reduced legal costs and quicker resolutions, which are particularly advantageous in the fast-paced world of franchising.

Lastly, it is essential to recognize the importance of educational initiatives and awareness programs aimed at franchisors, franchisees, and government officials. Educating stakeholders about the significance of IPR protection can foster a culture of compliance and respect for intellectual property rights. Workshops, seminars, and informational resources can be instrumental in raising awareness about the value of IPR and the potential consequences of infringement.

In conclusion, the reconstruction of registered intellectual property rights within the Indonesian franchise business model is imperative for fostering a thriving and sustainable economic environment. The interplay between franchising and IPR protection is complex, but addressing existing challenges through proposed legal reforms, enhanced enforcement mechanisms, and educational initiatives can lead to a more robust framework that benefits all stakeholders involved. The future of franchising in Indonesia hinges on the effective protection of intellectual property rights, and with concerted efforts, it is possible to create a thriving ecosystem that drives economic growth and innovation. By prioritizing these reforms, Indonesia can position itself as a leader in the franchise industry, attracting both domestic and international investors while safeguarding the interests of all parties involved.

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