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## The Future Challenges on Economic Value of Intellectual Property on Geographical Indication Products in the Era of Globalization

### Dewi Sulistianingsih<sup>a)</sup>, Pujiono Pujiono, Arif Hidayat, Andry Setiawan

Universitas Negeri Semarang Sekaran, Gunungpati, Semarang, Indonesia, 50229

a) Corresponding author: dewisulistianingsih21@mail.unnes.ac.id

Abstract. When a product, handicraft or agricultural product, which has distinctive characteristics, and can b 30 stinguished from products from other regions, which is influenced by geographical factors and human factors, then the product can be categorized as a geographical indication product. The benefits of geographical indications are believed to have a positive impact, especially in terms of economic and social aspects. Socially, geographical indications are able to develop local communities. Economically, geographical indications are able to provide welfare for local communities. This article is the result of research using normative juridical research. This type of research is qualitative research. The data collected in this study consisted of primary data and secondary data. Primary data is primary legal material, namely in the form of norms or basic rules and legal doctrines and laws and regulations related to the research theme. Secondary legal materials are books related to the research theme in the form of research results, 24 prts, articles in the mass media and the internet, seminar results, or other scientific meetings relevant to this research. The purpose of this study is to analyze the potential 33 nomic value of geographically indicated products and to analyze the strategies adopted to increase the economic value of geographically indicated products in order to be able to provide welfare for local communities. This article will discuss the analysis of the existing economic value of geographical indication products and appropriate strategies to increase the economic value of geographical indication products. Not all geographical indication products are able to provide economic value that can directly generate prosperity for local communities. There needs to be a strategy that is carried out, not only by the people who own geographical indication products, but also the Indonesian government and various other related parties, such as academics and business actors.

Keywords. Geographical Indication Products, Globalization Era, Economic Values

### INTRODUCTION

Indonesia has abundant natural resou 27s throughout the region. This natural wealth is a gift from God that the Indonesian people should be grateful for. A gift 16 God for the Indonesian people, namely the abundance of natural resources so that they can be use 16 the benefit of the Indonesian people. Natural resources owned by the Indonesian state are in the form of living natural resources and non-biological natural resources. Natural resources are the potentials contained in the earth, water, and aerospace that can be utilized for various purposes of life[1]. As a living natural resource, Indonesia has a very high number of animals and plants, and can be utilized by the Indonesian people to support their daily needs.

The wealth of natural resources in Indonesia fosters a lot of uniqueness, both biological and non-biological wealth, thus providing various kinds of natural potential which characterizes the geographical area where the wealth is located. The natural wealth in Indonesia is utilized as muts appossible for the prosperity of the Indonesian people. Utilization of natural resources is determined based on the use of these natural resources for the people of Indonesia. Therefore, the value of a natural resource is also determined by the value of its usefulness to the people of Indonesia.

Indonesia is a mega biodiversity country, so it is assumed that the genetic resources (SDGs) contained in it have a fairly high variation[2]. The wealth of natural resources in Indonesia fosters a lot of uniqueness, both biological wealth and non-biological wealth, thus providing various kinds of natural potential that characterizes the geographical area where the wealth is located. Each region in Indonesia is unique in the products of natural wealth produced and these natural resources are characterized by the geographical conditions of the area. The natural wealth in Indonesia is utilized as multiple as possible for the prosperity of the Indonesian people. Utilization of natural resources is determined based on the use of these natural resources for the people of Indonesia. Therefore, the value of a natural resource is also determined by the value of its usefulness to the people of Indonesia.

Indonesia has many products that are produced from Indonesia's natural wealth. In general, Indonesia has so many natural resources, each of which is unique, which is characterized by its area of origin[3]. Products produced from Indonesia's natural wealth such as agricultural products, fishery products, mining products, as others. Products that have been produced by Indonesia can potentially be used as geographical indication products. Geographical indication is a sign indicating the area of origin of an item and/or product which due to geographical environmental factors including natural factors, human factors or a combination of these two factors gives a certain reputation of the goods and/or products products. Geographical indication products are products in the form of:

(1) natural resources; (2) handicrafts; (3) industrial products.

The potential of Geographical Indication products in Indonesia is very large, because they are unique due to the influence of natural factors such as plant varieties, soil, water, and climate. Meanwhile, through human factors, the product potential of geographical indications can be in the form of skills and production traditions. Products that have the potential to emerge from the interaction between these commodities and the local environment, socio-culture and technology. Through this potential, it is possible to create products that have specific locations in the fields of agriculture, fisheries and superior crafts.

The application of Geographical Indications will usually involve a group of parties who are producers who submit their rights collectively to the relevant authorities. The authority is called the Geographical Indication Protection Society which will determine the production process for the good, will gives a distinctive quality to the product through the geographical boundaries of the production area. Through the protection of Geographical Indications, it can encourage the economic value of the products produced, which automatically will be able to encourage an increase in the welfare of producers in a certain locality.

Indonesia has many products from agriculture, fisheries, and handicraft products which are superior products and reflect on specific locations that have a good reputation. These products need to get legal protection, product development, and marketing promotion development. These potential products, for example, include Toraja coffee, Sumedang black tapioca, Cilembu sweet potato, Kintamani Bali Arabica coffee, srintil tobacco, and so on. products that show the location are certainly very closely related to traditional knowledge and local wisdom. Traditional knowledge and local wisdom as a source for the realization of geographical indication p

The urgency of product protection through Geographical Indications is due to: First, Geographical Indications are a type of Intellectual Property Rights based on natural resource potential. Geographical indications have a very broad scope, such as agriculture, plantations, fisheries, mining and certain handicrafts, the raw materials of which are sourced from nature with certain characteristics, have a reputation that can be protected by Geographical Indications. Geographical indications are expected to increase added value for the community at the local, national and international levels. If managed and developed properly will give birth to economic strength. Second, Geographical Indications are a collective Intellectual Property Rights concept so that legal protection and development requires the cooperation of all elements, be it local government through related agencies, businessmen, academics, non-governmental organizations and community groups. Third, the importance of protecting Geographical Indications from the fact that violations occur by claiming the results of regional creativity to belong to other people or other regions, which are carried out through fraudulent business practices have resulted in losses for stakeholders in the bus gess world.

The strategy of strengthening the local economy based on Intellectual Property Rights through legal protection and the development of potential Geographical Indications, requires commitment and synergy (local government and all relevant stakeholders) for the registration process. This is because Geographical Indications are part of Intellectual Property Rights whose object ownership is not private property but common property.

The most important thing is not only how to recognize geographical indication products and their legal protection, but also how to increase the economic value of geographical indication products. The importance of increasing the economic value of geographically indicated products, for the main reason, namely increasing the welfare of local communities (owners of geographical indications). With the increasing economic value of a geographical indication product, it will certainly increase sales and profits. The next question is how to increase the economic value of geographic indication products in Indonesia.

<sup>29</sup> METHOD

This research is qualitative research, which is used to understand soc 5 interactions, develop theories, and correct data. This research uses the normative juridical method or also known as doctrinal law research. In legal research, law is often conceptualized as what is written in legislation (law in books) or law is conceptualized as a rule or norm which is a benchmark for human behavior that is considered appropriate. The use of research focus, in normative research, is for research to focus more on research problems, so that the implementation of research does not widen. The focus in this research is on in 20 sing the economic value of geographically indicated products in Indonesia. This research data was obtained from the Directorate General of Intellectual Property of the Republic of Indonesia.

### RESULTS AND DISCUSSION

Geographical indications are Indonesia's national economic potential that can be a mainstay product in domestic and international trade activities. The influence of technology has made activities in the trade sector increase rapidly. This encourages the growth and development of regio 12 Intellectual Property with local content which characterizes the area of origin, the intended Intellectual Property is Geographical Indication. Geographical Indication is one of the regimes of intellectual property rights, which are related to trade names attached to 22 oduct packaging. Geographical indications have the function of the power of origin of the product which indicates the area of origin of the goods and/or products as well as the quality of the product which is strongly influenced by the place of origin, so that it will provide a unique assessment in the community.

Geographical Indications as potential contributors in building a reputation for the products produced. Geographical indications demand that the product must have a good reputation. A good reputation will lead to high economic value. Considering the economic value attached to geographically indicated products, it is necessary to develop a sign that identifies a country's territory, or an area or area within that area as the origin of the goods. In this case, the reputation, quality and characteristics of the goods are largely determined by the geographical factors concerned.

Besides Kintamani Coffee, there are also several geographical indications from several regions in Indonesia such as: Flores Bajawa Arabica Coffee, Sumedang Black Tobacco, Muntok Pepper and there are still several other Geographical Indications, one of which is in the West Nusa Tenggara area, namely Banyumulek Pottery and Sumbawa Forest Honey, not only that even on the island of Lombok Sabela Gayo, there are various kinds of agricultural products that have been registered including: Kangkung Gomong variety, wild horse milk and many potential natural resources that can registered as a Geographical Indication [4]. These products are only a small part of the geographical indication products in Indonesia. Indonesia still has many geographical indication products.

The use of geographic names in trading practices is commonly used as a means for marketing. The inclusion of a geographical name on an item is information to consumers about the origin of an item produced by people who live in that area and processed using raw materials from that area. Simply by including the geographical name, then the perception and image (image) of consumers about an item can be formed[5]. Loyal consumers will buy geographic indication products because it shows the quality of a product that is indicated by certain regions.

The existince of geographical indication products in Indonesia needs to be known so that people are familiar with Indonesia's geographical indication products. Ir 13 dition, the development of geographical indication products is carried out by increasing the existing economic value of geographical indication products so that the noble goal of creating geographical indication products can be achieved. The main purpose of creating geographic indication products is to provide welfare.

### The Existence of Geographical Indications in Indonesia

Strengthening the local economy is define 14s an effort to free the community from all limitations that hinder their efforts to build prosperity[6]. Strengthening the local economy is one of the efforts of empower local communities with various potentials of local wisdom owned by the people of an area. In relation to strengthening the local economy based on Intellectual Property Rights, each region in Indonesia has its own potential which, if utilized optimally, will not only provide added value for local communities but will also help increase local government revenue. Strengthening the local economy is the duty and responsibility of the regional government as a regional policy maker and implementer of the mandate of regional autonomy. Based on the potential in these various regions, Geographical Indications have high economic value so that they become a means for local economic development, but require commitment from stakeholders in their management and support from local and central governments. This is in line with the Public Benefit Theory, that Intellectual Property in this case geographical indications are a tool to achieve and develop the economy.

Protection of geographical indications has various benefits, both for producers and for consumers. For producers, the benefits of the existence of geographical indications from an economic point of view include: (a) Preventing the transfer of ownership of the rights to use the uniqueness of the product from the local community to other parties; (b) Maximizing the added value of the product for the local community; (c) Provide protection from product counterfeiting; (d) Increase the marketing of distinctive products; (e) Increase the provision of employment opportunities; (f) Support agro-tourism development; (g) Ensure business continuity; (h) Strengthening the regional economy; (i) Accelerate regional development; (j) Improving people's welfare[7]. The welfare referred to in the geographical indication is the welfare of the local community.

Indonesia has a variety of agricultural products, both fresh and 26 ocessed. Almost every region in Indonesia has superior products that characterize the area. The superior product has the potential to be proposed as a geographical indication product in order to get protection from counterfeiting efforts that can re 19 c/damage its reputation[8]. Potential Geographical Indications can be developed to protect the products of indigenous peoples and local communities which are generally not named by individual names.

Regulations related to Geographical Indications in the Legislation in Indonesia are regulated in Law Number 20 of 2016 concerning Marks and Geographical Indications. The definition of Geographical Indications contained in the Act 25 irrectly explains that there are elements that must be contained in a product 32 geographic potential, namely:

(a). A sign of the area of origin of an item/product; (b). Products exist and develop due to geographical environmental factors including natural factors; (c). Products exist and develop due to human factors; (d). Become a product that has a reputation, quality, and distinctive characteristics.

The protection of registered geographical indications still requires other aspects, namely the active role of the central government and local governments in collaboration with the community that owns geographical indications to maintain the geographical area so that the geographical indications are maintained in terms of quality, reputation and character of the product[9]. Collaborate between local governments and local communities is the key to the successful development and protection of geographical indication products.

### **How Increase the Economic Value of Geographic Indication Products?**

Geographical indications are part of the intellectual mechanism that applies to goods and services that are marked by the place where they originate (collected, produced, or produced), involving environmental, historical, social and cultural specificities. Geographical Indication in the classification of the Intellectual Property regime regulated indication is relatively new, in which Geographical Indication is a trade name that is associated, used, or attached to the packaging of a product and serves to indicate the origin of the product. The place of origin provides information to the public that the quality of the product is strongly influenced by the place of origin, so that the product has its own value in the minds of the public, especially to consumers, who know that the place of origin has special advantages in producing a product.

If the government wants the region to be competitive, its developm 11 program must start from developing its superior economic potential [10]. Local economic development through the protection of Geographical Indications, the implementation is not only the result in the form of economic value that is the goal but also the process must be in accordance with the policies of the Regional Government in realizing regional original income and the level of welfare

of the community concerned. Therefore, stakeholders such as local governments, the industrial world, universities, and community groups need to actively participate and manage based on modern management principles but still use local sources because they are carried out by certain regions.

Regional economic potential needs to be developed optimally into superior regional products that are competitive and can improve the welfare of the community in accordance with regional conditions and characteristics. This condition is supported by increasing the capacity of regional institutions that are independent and strong and include the development of regional superior products in regional planning docume 19. Lack of understanding of Geographical Indications among stakeholders and lack 13 attention of local governments to the potential of Geographical Indications is the cause of the lack of realization of the economic value of geographical indication products.

The business world today has the fact that there is increasingly fierce competition. In developing a business, there are two things that must be done by business people, namely the ability to produce products and the ability to face competition with other business people[11]. Globalization is a challenge for all companies that want to enter the global market. Due to globalization, companies are required to implement a glo7 l marketing strategy so that it will have an impact on competitive advantage in the local market, namely the market where the com 7 ny's products are marketed. However, each country has various characteristics, so companies must also observe local market demand for the products they sell. Given the demand that has different characteristics, it is necessary to implement a global marketing strategy that is in accordance with market conditions.

Ways to increase the economic value of geographic indication products can be done in 6 ways, namely: (1) Improve packaging quality; (2) by cooperating nationally and internationally, especially in the industrial world; (3) Provide seminars related to the products offered; (4) Build a community to create high quality products; (5) Improve service quality; (6) Maximize the use of marketing tools.

In an item or food to be sold, the use of packaging is very important because it is used to keep the product safe and its quality maintained. In addition, it is also used to attract public interest in products that are popularly sold, because this packaging is the first thing consumers see. The better the product packaging design, the better sales.

The quality of geographical indication products in Indonesia needs to be improved in order to be able to increase sales value and get loyal consumers.

### CONCLUSION

Geographical indication products in Indonesia are still not much forgotten, even though Indonesia has a lot of potential for geographical indication products. This condition occurs because the Indonesian people do not have full awareness to protect both legally and non-legally. Geographical indication products in Indonesia that have not been able to enter the international market. One of them is due to the lack of ability in the fields of economics and business. In addition, the lack of negotiation capabilities of local business actors is also the cause of the difficulty of geographical indication products in Indonesia to penetrate the international market share. Geographical indication products have not been able to provide significant welfare or economic growth for the community. One of the important parameters in business is how much sales turnover is obtained. For business people, they must know accurately how much turnover they get on a regular basis. Furthermore, business people must also understand how to increase or increase sales turnover. This is because geographic indication products have not been significantly in sales. The success rate of a business can be seen based on high sales. The higher the sales, the more profit you will get. That is why, for business people, they must optimize the potential of their assets, so that the business they run obtains maximum results.

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