



TRADEMARK DILUTION: INDIAN APPROACH

*T.G. Agitha**

I Introduction

TRADEMARK PROTECTION is one area of intellectual property that attracted much judicial and legislative attention in the last half of the 20th century. The changing trends in business and the impact of globalization had tremendous influence on expanding trademark protection beyond its traditional limits. One has to be very careful against the modern trend of expanding IP protection beyond any rational limits.¹ Ralph Brown Jr. was prophetic when he said:²

In an acquisitive society, the drive for monopoly advantage is a very powerful pressure. Unchecked, it would no doubt patent the wheel, copyright the alphabet, and register the sun and moon as exclusive trademarks.

In the case of trademarks, the radical example of this trend of expansion is clearly visible in the concept of trademark dilution.

The justifications for trademark law are different from the justifications for other forms of IP as trademark law does not encourage further creativity. Originally the function of trademark was considered to be source identification³ and trademark protection is primarily meant for promoting this function. Trademark law aimed at protecting consumers from confusion and deception⁴ along with securing a trader's hard-earned reputation so as

* Research Officer, MHRD Chair on IPR, School of Legal Studies, Cochin University of Science & Technology. The author is thankful to N.S. Gopalakrishnan for his valuable suggestions.

1. Read David Vaver, "Intellectual Property Law: State of the Art" 116 *LQR* 621 at 636 (2000). He says that the present trend of expanding intellectual property could be seen as an end in itself rather than a means to the end of stimulating desirable innovation.

2. Ralph S. Brown, Jr., "Advertising and the Public Interest: Legal Protection of Trade Symbols", 57 *Yale L J* 1165 at 1206 (1948).

3. Mark A. Lemley, "The Modern Lanham Act and the Death of Common Sense" 108 *Yale L J* 1687 at 1695 (1999). Also read Robert G. Bone, "A Skeptical View of Trademark Dilution Revision Act" 11 *Intell Prop L Bull* 187 at 188(2007).

4. Geographical and product market limitations of trademark protection evidence this aspect.



to facilitate him to sell his products.⁵ The social benefit in protecting trademarks is consumer protection by way of reducing consumer confusion and consumer search costs.⁶ Therefore, earlier, consumer confusion was an essential requirement for constituting an actionable harm.⁷ Limitations on trademark protection based on geographical area and product classification are evidences of this aspect.

However, the doctrine of trademark dilution, launched by Frank Schechter,⁸ marked a fundamental shift in the extent and scope of trademark protection. It was a turning point in the history of trademark law. Unlike traditional infringement law, the prohibitions against trademark dilution are not the product of common law development, and are not motivated by an interest in protecting consumers.⁹ The trademark dilution doctrine is an obvious reflection of the ever-increasing demand for extending more and more protection to famous trademarks. It is quite understandable that the traditional doctrine of “territoriality” of trademarks¹⁰ is losing its hold in this technological era where territorial boundaries are becoming meaningless. Increased global marketing and advertising, along with free flow of information resulting from the information technology revolution justify the concern shown by international traders. A strict adherence to traditional territorial concept of trademarks, in these circumstances becomes an “economic concern” to those big businesses who venture to conquer the entire globe.¹¹ A famous mark’s reputation not only transcend territorial

5. Robert G. Bone, “Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law” 86 *Boston Univ L Rev* 547 at 567 (2006). Also read Mark Bartholomew, “Advertising and the Transformation of Trademark Law” Forthcoming in 38 *New Mexico L Rev*, (2008) available at <http://ssrn.com/abstract=1023930>

6. Robert G. Bone, *supra* note 3.

7. *Ibid.*

8. F. Schechter, “Rational Basis of Trademark Protection” 40 *Harv L Rev* 813 (1927). The author is not unmindful of the view that the concept of trademark dilution originated in England in the case of *Eastman Photographic materials Co. v. John Griffith Corp.* 15 RPC 105 (1898). Read Julie Arthur Gracia, “Trademark Dilution: Eliminating Confusion” 85 *TMR* 489 (1995). However, the concept and its philosophy were discussed in detail in Schechter’s article and therefore he is considered to be the founder of the concept in its totality.

9. *Moseley v. V Secret Catalogue, Inc.*, 537 U. S. 418 at 429 (2003). In this case, however, the US Supreme Court insisted that “actual dilution” needs to be proved.

10. Territoriality of trademarks, which is a basic principle of trademark law, insists that trademark rights are secured in a country-by-country basis and they have only a limited geographical scope. Graeme W. Austin, “The Territoriality of United States Trademark Law” available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=896620.

11. Frederick W. Mostert, *Famous and Well-Known Marks* 4(Butterworths, 1997).



boundaries but also extends to unrelated fields of activity far beyond the scope of the original goods or services in relation to which the mark is used.¹² The trademark dilution theory is intended to extend maximum protection to this capacity of a famous mark. In effect, this theory defends famous marks from competition.

II The concept of trademark dilution

Dilution theory discards the view that the sole function of trademark is source identification, as archaic.¹³ According to Schechter, the proper expansion of trademark law has been hampered by obsolete conceptions both as to the function of a trademark and as to the need for its protection.¹⁴ He feels that the function of trademark today is not only symbolic but also creative in nature.¹⁵ As per the theory, the preservation of the uniqueness and singularity of the trademark is of paramount importance to its owner.¹⁶ According to Schechter, trademark is not merely the owner's commercial signature, but is "a silent salesman" through which direct contact between the owner of the mark and the consumer is obtained and maintained.¹⁷ In his view, the mark actually sells goods. So there is the possibility that use of trademarks even on entirely non-related goods may injure the trademark owner. In such cases absence of actual confusion created by such misuse, resulting in either diversion of trade or other concrete financial liability or injury of trade or repute is quite irrelevant.¹⁸ However, Schechter intended to limit the much broader degree of protection extended to famous marks to "arbitrary, coined or fanciful marks" excluding "commonplace marks" from its purview.¹⁹

12. *Id.* at 5.

13. F. Schechter, *supra* note 8 at 822.

14. *Id.* at 824. That is, the concept that the function is to designate source and the law will prevent the misuse of that mark only when there is an actual confusion created by such misuse, resulting in either diversion of trade or other concrete financial liability or injury of trade or repute.

15. *Id.* at 816-17. According to him, "to describe a trademark as a mere symbol of goodwill without recognizing it as an agency for the actual creation and perpetuation of goodwill, ignores the most potent aspect of the nature of a trademark and that phase most in need of protection."

16. *Id.* at 822. He is of the opinion that preservation of these values of a trademark is the only rational basis for trademark protection at 831.

17. Frank I Schechter, "Fog and Fiction in Trademark Protection" 36 *Col L Rev* 60 at 64 (1936).

18. However, Tony Martino is of the view that it is not sure whether Schechter intended dilution theory to apply to non-competitive situations alone or to the use of certain marks on related and unrelated goods. Tony Martino, *Trademark Dilution* 26 (Clarendon Press, 1996).

19. *Supra* note 8 at 828, 830.



Trademark dilution usually occurs either by way of blurring or tarnishing. Some even add 'free riding' to the categories of injury caused by dilution.²⁰ However, 'free riding' cannot be accepted as an injury/damage in trademark law as the defendant's gain need not always result in the plaintiff's loss and the trademark law does not recognize monopoly over the mark even in cases of famous marks under the guise of dilution doctrine.²¹ A third party user who derives benefit from the use of the famous mark need not always inflict any harm upon the trademark holder, especially when he is not a competitor.²²

In cases of blurring, erosion or watering down of the "distinctiveness, uniqueness, effectiveness and prestigious connotations" of the trademark is apprehended.²³ Tarnishment happens when a third party uses the mark to besmirch or debase the mark holder. Thus, dilution theory envisages injury to trademark even in circumstances when there is no confusion and even when the marks involved are non-competing. What the proponents of the dilution theory argue is that it should be given equal protection with the interest against confusion.²⁴

III Economic, social and political overview of the doctrine

However, the literature on the subject reveals that the concept of dilution has not been able to muster whole-hearted support from the entire international community. Under the traditional trademark system the value of trademark was based on its ability to identify the source of the product bearing the mark, the quality it assures and the goodwill it embodies. Interestingly, the modern trend proves to be the converse. Rather than identifying the goods with a particular source, thereby guaranteeing their quality, the mark itself becomes the product. Instead of quality and ensuing goodwill, the charm behind the mark, artificially created and boosted by persuasive advertising techniques becomes determinative of the value of a

20. Read for example, Clarisa Long, "Dilution" 106 *Col L Rev* 1029 at 1059 (2006) and Daniel Klerman, "Trademark Dilution, Search Costs, and Naked Licensing" available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=870089.

21. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc., v. Utah Division of Travel Development* 170 F.3d 449 (4th Cir. 1999).

22. Clarisa Long, "Dilution" 106 *Col L Rev* 1029 at 1060 (2006). The author feels that prevention of free riding under the guise of dilution is equivalent to conferring a right of publicity for corporations, which are the owners of famous marks.

23. Michael Blackeney, "Well-Known Marks" 16 *EIPR* 481 at 484 (1994).

24. *Supra* note 2 at 1192.



trademark.²⁵ The mark no more assures quality of the product, but gets valued in itself by customers. Thus the trademark becomes “a silent sales man”. The main reason behind the gradual acceptance of the demand for wider protection to well-known marks are the trends in modern advertising, especially persuasive advertising. The trends in this field demand a shift in the function of advertisement from being informative²⁶ to that of being persuasive.²⁷ With time, the persuasive power of the advertising resulted in the mark acquiring a “commercial magnetism” of its own.²⁸ But many jurists believe that protection of commercial magnetism of trademark is not the function of trademark law. Ralph Brown feels that persuasive advertising is simply a waste of resources and as it only persuades a purchaser to choose a particular product from among equally good similar products at a higher price (by way of distortion of consumer choice), the persuasive function of trade symbols is of “dubious social utility”.²⁹ He, therefore, wonders as to why the courts should recognize or protect interests deriving from it.³⁰ According to him, the clearest, most candid, and most far-reaching claim on behalf of persuasive values of trademarks finds reflected in the dilution theory.³¹

Another apprehension about the merchandising rights of trademark owner is that such rights divorce trademarks from the goods they advertise and thereby from the trademark theory itself. According to Mark A. Lemley, the point of trademark law has never been to maximize profits for trademark owners at the expense of competitors and consumers.³² And the investment which the merchandising rights intend to protect is not investment in

25. Read for example, *supra* note 8 at 830-831. He says: “From the necessities of modern trademark protection mentioned above, on the one hand, and from the decisions of emphasizing the greater degree of protection to be given coined, rather than to commonplace marks, the following principles necessarily emerge: (1) that the value of the modern trademark lies in its selling power; (2) that this selling power depends for its psychological hold upon the public, not merely upon the merit of the goods upon which it is used, but equally upon its uniqueness and singularity; (3) that such uniqueness and singularity is vitiated or impaired by its use upon either related or non-related goods; and (4) that the degree of protection depends in turn upon the extent to which, through the efforts or ingenuity of its owner, it is actually unique and different from other marks.”

26. The informative function of trademark is identification of source. Read *supra* note 2 at 1185.

27. On the other hand, the persuasive function aims at diverting demand toward a particular advertised article. *Id.* at 1187.

28. *Ibid.*

29. *Id.* at 1169, 1190.

30. *Id.* at 1190.

31. *Id.* at 1191.

32. Mark A. Lemley, *supra* note 3 at 1708.



ensuring the quality of the underlying product, but in merchandising the brand itself and this ought not to be the goal of law.³³ The effect of merchandising right over a mark is to give trademark “owners” something they have never traditionally had; the right to control the use of the mark in totally unrelated circumstances.³⁴

It may be correct that the society today values the persuasive functions of trade symbols more than anything else. Consumers are often least bothered about the quality of the product and are found to be carried away by the persuasive effect of the trade symbol.³⁵ They are more concerned about the prestige that the possession of goods bearing such trademarks bring in due to their uniqueness. But the fact that the persuasive functions of trademarks are more valued by the customers does not warrant its intellectual property protection.³⁶ It is true that those consumers, who want to purchase the higher priced goods for the reason of their uniqueness, ought to be ensured that they are paying the higher price for the genuine branded article. This could be ensured by protecting consumers against confusion and deception and conventional trademark law does that. But trademark law does not support assigning broad rights to prevent competitive or diluting use when no confusion seems likely.³⁷ The justification for the demand for such extended rights seems to be that producers, who have invested in their trade symbols and thus earned them, are entitled to them. But if it is not the quality but the brand that matters, and if there is no confusion, why should IP law protect such marks?³⁸ What is wrong in allowing others to enjoy the pride of possessing an imitation of a branded good if the purchaser is buying it with the full knowledge that it is an imitation, just to satisfy his desire to belong to the elite class who alone is entitled to own goods bearing such marks? Only the uniqueness or

33. *Ibid.*

34. *Id.* at 1707.

35. For example, a box of Kellogg’s Cornflakes with Batman’s picture on it is more valued by children than one without such a picture even if it is of the same or even superior quality/ irrespective of the quality or taste of cereal. Same is the case with adults also with respect to other consumer items. Whether it is cars or medicine it is the brand name that sells the product. Read Jessica Litman, “Breakfast with Batman: The Public Interest in the Advertising Age” 108 *Yale L J* 1717 at 1727.

36. *Id.* at 1729.

37. *Id.* at 1730

38. *Id.* at 1730-31. She says: “To the extent that the impulse to protect something beyond any prevention of consumer confusion derives from the perception that this thing has value, that it is something people want to buy, then giving its purveyor intellectual property protection is the wrong response. If the thing itself is valuable, if it is in some sense itself a product, then we want other purveyors to compete in offering it to consumers in their own forms and in their own terms. Competition is, after all, the premise of the system. Without competition, none of the rest of the rules makes any practical sense.”



prestigious connotation of the mark suffers. Is the trademark law bound to protect it? It may be wrong to divert trade from the first user of a trademark by misleading customers who mean to deal with him. But what is wrong in so diverting customers if the decision of the customers to deal with the first user is influenced by persuasive advertisement rather than informative advertisements? In other words, is there a right on the advertisers to ward off competitors using persuasive advertising and then to take resort to trademark law to ward off its imitators?

The ardent supporters of dilution theory put forward the argument that one who has used his intellectual, physical, or financial powers to create a commercial product should be afforded judicial relief from a competitor who seeks to “reap where he has not sown”.³⁹ David Vaver’s answer to this is that this argument is equally true in the case of the owner of famous mark as he is also reaping where he has not sown when he stops a trader in a geographic or market field remote from the owner’s fields from using the same or a similar mark uncompetitively.⁴⁰ According to him, granting rights as indeterminate as dilution rights to the owners of famous marks places another weapon of harassment in the hands of the powerful against the weak. The alleged infringer may opt for changing his mark rather than defending it against a corporate giant which is a costly affair for him. As rightly said by Jessica Litman, “(t)o agree to treat a class of stuff as intellectual property, we normally require a showing that, if protection is not extended, bad things will happen that will outweigh the resulting good things. But it would be difficult to argue that the persuasive values embodied in trade symbols are likely to suffer from under protection. Indeed, the Mattels, Disneys, and Warner Brothers of the world seem to protect their atmospherics just fine without legal assistance.”⁴¹

However, Mark A. Lemley is of the opinion that the doctrine of dilution is not entirely ill-conceived.⁴² According to him, preventing dilution in appropriate cases will lessen aggregate consumer confusion and thus encourage investment in the quality of the underlying product. He is of the opinion that modern dilution cases take a good idea and stretch it too far.⁴³

39. See for example, Rudolf Callmann, “He Who Reaps Where He Has Not Sown: Unjust Enrichment in the Law of Unfair Competition” 55 *Harv L Rev* 595 at 612 (1942). A similar argument could be seen in the ‘sweat of the brow’ doctrine for determining ‘originality’ in the copyright law.

40. David Vaver, “Unconventional and Well-Known Trade Marks” 2005 *Singapore Journal of Legal Studies* 1-19 available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=952334.

41. *Supra* note 35 at 1729. Also read the opening sentence of *Ringling Bros.-Barnum & Bailey Combined Shows, Inc.*, *supra* note 21.

42. Lemley, *supra* note 3 at 1704.

43. *Ibid.*



This view appears to limit application of dilution theory to cases of consumer confusion, which evidently is not the purpose of the theory.

IV Conceptual as well as practical problems in interpreting and implementing theory of dilution

According to Jonathan E. Moskin, dilution is a phenomenon that has proven wholly resistant to analysis.⁴⁴ This confusion surrounding the concept is the main focus of criticisms posed against it. Some hold the view that the key deficiency with respect to the dilution doctrine is conceptual rather than definitional.⁴⁵ In other words, it is its conceptual weakness that renders a definition rather challenging, if not impossible. Due to imprecision and difficulty in proving the existence of dilution/harm, it is generally thought that dilution doctrine has to be applied only with caution.⁴⁶ Those who support the concept themselves are not clear about the exact scope of it. The reason may be that in their urge to safeguard their investment in procuring “goodwill” using persuasive advertisement they fail to take note of the legal constraints on trademark law.

The confusions in this area are many; it starts from the definition of “well-known” and “famous” marks. As it is evident from the discussions on the Indian case law that follow, that there is a large amount of confusion as to the meaning of ‘well-known’ and ‘famous’. The courts in India fail to make any distinction between “well-known” and “famous” marks and they apply the standards of fame applicable to well-known marks or even lesser standards to dilution cases. Under the US law dilution theory is applicable only in the case of famous marks.⁴⁷ There is a view that “famous” marks are a special category of well-known marks and are traditionally considered to have a higher degree of reputation than well-known marks.⁴⁸ Hence it is believed that they deserve a broader scope of protection and this includes protection against the use of the mark on non-competing goods. Such broad protection proves to be an exception to the “principle of speciality”, which

44. Jonathan E. Moskin, “Dilution or Delusion: The Rational Limits of Trademark Protection” 83 *TMR* 122 (1993). The Fourth Circuit addresses the concept of dilution as “dauntingly elusive” in *Ringling Bros.*, *supra* note 21.

45. *Supra* note 18 at 67. Also read Jerome Gilson, “A Federal Dilution Statute: Is it Time?” 83 *TMR* 108.

46. Hazel Carty, “Dilution and Passing Off: Cause for Concern” 112 *L Q R* 632 at 655.

47. S. 43 (c) of Lanham Act (15 U.S.C. § 1125 (c)).

48. *Supra* note 11 at 19, 21. However, he admits that a highly precise, strict differentiation between “famous” and “well-known” marks is not possible as these concepts are relative.



stipulates that trademarks can be protected only in relation to the same, or similar goods or services covered by their registration or use. As a result of the broader protection extended to famous marks, the requirements to become a “famous” mark are stricter than the requirements for being included in a “well-known” mark category. The extent of protection allowed in the cases of trademark dilution justifies the requirement that in order to demand protection against trademark dilution the mark needs to be “famous” and not just “well-known”. Mostert suggests that knowledge of the public at large or of non-consumers may be relevant in assessing the commercial magnetism of a famous mark in contrast to the requirement of a well-known that it should be known to the “relevant sector of the public”.⁴⁹ However, there appears to have no uniformity in international practices. Different countries follow different standards.

There is also confusion as to whether the doctrine of dilution is applicable to competing as well as non-competing goods. For example, J. McCarthy is of the view that the doctrine is applicable only in the case of non-competing goods.⁵⁰ According to him, a contrary view paves way for a dangerous misuse of the dilution theory.⁵¹ However, there are others, including courts, who think differently. For example, Ralph Brown wonders as to how there could be unfair competition in the case of non-competing goods as practically there is no competition.⁵² Confusion as to the harm done by dilution and with respect to the necessity of confusion etc., make dilution claims more complex.

Harm or damage done to a famous mark by dilution is either by blurring of the distinctive quality of the mark or by tarnishment. Such harm is always speculative and exceedingly difficult to prove.⁵³ Moreover, most

49. *Id.* at 27-28. Also read J. Thomas McCarthy, “Dilution of a Trademark: European and United States Law Compared” 94 *TMR* 1163 (2004). He says: “In my view, to invoke the Paris Convention Article 6 *bis* in the United States, the mark should be sufficiently well known in the United States in the relevant sector of the public such that the junior user’s use is likely to cause confusion. This should not be confused with the degree of fame required to qualify a mark as famous, in order to invoke the special scope of exclusivity granted by the anti-dilution law. That is an entirely different matter, which requires a considerably higher degree of reputation and renown.” (at 1175). This argument is quite in tune with the American position where the Lanham Act requires that the mark to be famous, it should be “widely recognized by the general consuming public of the U.S. as a designation of source of the goods or services of the mark’s owner”. See s. 43 (c)(2)(A) of the Lanham Act.

50. J. Thomas McCarthy, *id.* at 1177.

51. *Ibid.*

52. *Supra* note 2 at 1192.

53. David J. Franklyn, “Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law” 56 *Hastings Law Journal* 117 (2004).



trademarks are not sufficiently well-known that their use on unrelated products fails to create even an association in the minds of consumers.⁵⁴ The insistence by almost every trademark owner of some repute that his mark must be treated as famous, is another serious issue to be handled by the judiciary in every jurisdiction. There is a strong feeling that this legal doctrine is being used to serve purposes, which trademark theory does not support.⁵⁵

V National and international law

It will be interesting to analyse the Indian law in comparison with the US anti-dilution law and the international law—TRIPS agreement. If one takes the law of the US as a yardstick in defining the concept of dilution, it may have to be stated that neither the Indian law nor the provisions of the TRIPS agreement, fit the standards as envisaged in the American law. For example, the Lanham Act, 1946 of the US⁵⁶ requires the mark to be “a famous mark that is distinctive, inherently or through acquired distinctiveness” to attract an action for dilution. For being famous, the mark needs to be widely recognized by the general consuming public of the US as a designation of source of the goods or services of the mark’s owner.⁵⁷ And the cause of action is explained as dilution by blurring or dilution by tarnishment of the famous mark.⁵⁸ The US law also define “dilution by blurring” and “dilution by tarnishment”⁵⁹ S. 43(c)(2)(B) and

54. *Supra* note 2 at 1192.

55. Lemley, *supra* note 3 at 1705.

56. As amended by the Trademark Dilution Revision Act of 2006.

57. S. 43 (c)(2)(A) of the Lanham Act. S. 43 (2)A states that “a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.”

58. S. 43 (c)(1) of the Lanham Act.

59. S. 43 (c)(2) (B) and (C) of the Lanham Act. Under the Act, “dilution by blurring” is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:



(C) of the Lanham Act. Under the Act, “dilution by blurring” is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

- (i) The degree of similarity between the mark or trade name and the famous mark.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark.

Apart from the fact that there is no mention of dilution in the Indian or international laws, neither the Indian law nor the TRIPS agreement requires the mark to be famous. Nor do they require a reputation of the degree envisaged in the US law. This is evident from the analysis of the provisions in the Indian Trademark Act, 1999⁶⁰ and the TRIPS agreement laying down the requirements for acquiring well-known mark status. Both these legal instruments demand only knowledge/reputation among ‘the relevant sector of the public’. This is a very limited group when compared to the ‘wide recognition among the general consuming public’ requirement in the US law and as a result even marks, not even well-known in the real sense of the word, may become eligible for being protected from dilution if one accepts that protection against dilution of trademark is envisaged under these legal instruments. This is quite contrary to the concept of dilution.

The Indian situation is graver, as the requirement of knowledge among ‘relevant sector of the public’ is liberal under the Indian definition. The Indian law, in line with the WIPO/Paris Union Joint Recommendation,⁶¹

-
- (i) The degree of similarity between the mark or trade name and the famous mark.
 - (ii) The degree of inherent or acquired distinctiveness of the famous mark.
 - (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
 - (iv) The degree of recognition of the famous mark.
 - (v) Whether the user of the mark or trade name intended to create an association with the famous mark.
 - (vi) Any actual association between the mark or trade name and the famous mark.

And “dilution by tarnishment” is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

60. This Act does not contain any reference to ‘dilution of trademark’ *per se*, but it introduces the concept of a “well known trademark” defined under Section 2 of the new Act. See Section 2 (1)(zg).

61. WIPO/Paris Union Joint Recommendation Concerning Provisions on the Protections of Well-Known Marks adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO Sept 20 to 29, 1999 available at http://www.wipo.int/edocs/mdocs/sct/en/sct_3/sct_3_8.pdf



stipulates that where a trademark has been determined to be well-known in at least one section of the 'relevant sector of the public' in India⁶² by any court or registrar, that mark shall be considered as well-known. This further diminishes the size of the group, which has to determine the fame of the mark, and thus further weakens the safeguards to be taken in providing the type of exclusivity ensured by dilution doctrine. Therefore, interpreting these provisions to cover cases of dilution will have disastrous consequences. The safer view is that what is envisaged under the Trademarks Act, 1999 is only protection of well-known marks or marks having trans-border reputation, the scope of which is very much limited when compared to the protection under the doctrine of dilution. Such an interpretation will not have the effect of rendering the Indian law in non-compliance with TRIPS agreement since the TRIPS agreement simply incorporates article 6 *bis* of the Paris convention in to it. Protection under article 6 *bis* is limited to cases where there is cause of confusion. Moreover, article 16.3 of the TRIPS also specifically states that 6 *bis* is applicable to dissimilar goods and services only if the use of the trademark to such goods would indicate a connection between those goods or services and the owner of the registered trademark.⁶³ It also requires that the interests of the owner of the registered trademark are likely to be damaged by such use. These requirements render the cause of action different from dilution. And this makes the scope of protection extended under the TRIPS provision lesser than the protection envisaged under the doctrine of dilution.

Another provision in the Trademark Act, 1999 on the subject under consideration is section 29, which states that a registered trademark having reputation in India is infringed in the case of use of an identical or similar mark even on dissimilar goods by a person who uses it in the course of trade, if such use is without due cause and "takes unfair advantage of" or is detrimental to the distinctive character or repute of the registered trademark.⁶⁴ Unlike the other provisions dealing with infringement, there is no requirement of confusion in this section. This provision is really confusing as it tries to prevent uses on dissimilar goods or services, of marks which has "a reputation in India", if such use is without due cause and "takes unfair advantage of or is detrimental to the distinctive character or repute of the registered mark". It is a sweeping provision. In spite of the fact that the provision is not as strict as the Federal Dilution Act of the US,

62. Which constitute the actual or potential consumers, the persons involved in the channels of distribution of the goods or services and the business circles dealing with the goods or services to which the trademark applies.

63. Under the doctrine of dilution it is the association between the mark and the owner of trademark that becomes important and the connection between the trademark owner and the goods or services is irrelevant.

64. S. 29(4)



it appears to confer the owner of “reputed trademark in India” rights equivalent to protection against dilution of distinctive character of the mark. Unlike the US law, it does not require the marks to be “famous”. The extent of reputation required to claim protection under this provision is not clearly defined. Moreover, the provision intends to prevent taking “unfair advantage” of the distinctive character or repute of the mark. It is submitted that to prevent taking unfair advantage of the repute of a trademark has never been the purpose of trademark law even under the extended doctrine of dilution.

If the purpose of this provision is to protect the well-known marks, as required under the international instruments, it has to undergo urgent amendments. As already stated, there is no need to avoid the requirement as to confusion.⁶⁵ And the reputation requirement should be made strict. Even in the case of protection of well-known marks the standard of reputation of the mark should be higher than that required in the case of ordinary trademarks. Another important amendment required in this provision is with respect to equating unfair advantage with infringement. Taking unfair advantage of the repute or distinctive character of the mark has to be excluded from the purview of infringement.

Section 29 (8)(b) & (c) are also provisions which require immediate amendment. These provisions state that a “registered trademark” is infringed by any advertising of that registered trademark “if such advertising is detrimental to its distinctive character;⁶⁶ or is against the reputation of the trademark.”⁶⁷ In effect, these provisions prevent comparative advertising and fair use of all registered trademarks. When compared with the US law, which clearly excludes any fair use including use in connection with advertising or promotion that permits consumers to compare goods or services; or identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner; all forms of news reporting and any non-commercial use of the mark, from the purview of dilution by tarnishment or blurring,⁶⁸ this provision confers absolute property right on the owner of every trademark — not even a

65. Since Art. 6 *bis*, which now became part of TRIPS protects well-known marks only in cases of confusion.

66. S. 29 (8)(b)

67. S. 29 (8)(c). it is interesting to note that the Lanham Act excludes fair use by way of comparative advertisement, parodying, criticising or commenting upon the famous mark owner or the goods or services of the famous mark owner, all forms of news reporting, news commentary and any non-commercial use of a mark from dilution by blurring or dilution by tarnishment. See s. 43 (3) of the Lanham Act.

68. S. 43 (c)(3) of the Lanham Act reads: (3) Exclusions

The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:



reputed mark. This will lead to absurd results and it is apprehended that section 29 (8)(b) & (c) might be used to curb freedom of expression in the future. If this provision is meant to limit infringement proceedings in cases of comparative advertisements to acts which are contrary to honest practices in industrial and commercial matters, thus allowing all other cases of comparative advertisements. The clauses (b) and (c) will have to be removed from sub-section 8 of section 29.

The wide range of the US cases in which defendant's use of similar or identical marks of plaintiff's marks successfully raised the defence of parody reveals the strength of such a defence and the limitation it has placed on dilution claims. It also reveals the predicament in which Indian judiciary is placed, as a result of the present law, in similar situations.

In *Charles Smith v. Wal-Mart Stores, Inc.*⁶⁹, Charles Smith, an avid and vocal critic of Wal-Mart, believing that Wal-Mart has a destructive effect on communities, treats workers badly, and has a damaging influence on the US as a whole, created various designs and slogans that incorporated the word "Walocaust," a word Smith coined, by combining the first three letters of Wal-Mart's name with the last six letters of the word "holocaust." He also arranged for some of his designs to be printed on t-shirts and other items like mugs, underwear, teddy bears, bumper stickers and bibs that could be purchased through www.CafePress.com.

Wal-Mart wrote to Smith and to CafePress, asserting that Smith's Walocaust CafePress webpage was violating Wal-Mart's trademark rights, and demanding that they cease selling all products imprinted with his various anti-Wal-Mart designs. Wal-Mart also objected to Smith's registration and use of the domain name www.walocaust.com, demanding Smith to stop using the domain name and to transfer ownership of it to Wal-Mart. In response, CafePress removed all of Smith's Wal-Mart-related merchandise from his online store so that only non-Wal-Mart-related merchandise remained available at www.cafepress.com/walocaust and then sought for a

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

69. Decided on 20.03.2008 and available at <http://www.citizen.org/documents/WalmartDecision.pdf>. Read *People for the Ethical Treatment of Animals ("PETA") v. Michael T. Doughney* 263 F.3d 359 (4th Cir. 2001) for the interpretation as to what constitutes a parody in the trademark context. Also read *Hormel Foods Corporation v. Jim Henson Productions, Inc.* 73 F.3d 497.



declaratory judgment of his right to sell his Walocaust merchandise. After filing his declaratory judgment complaint, Smith also registered the domain names www.wal-qaeda.com and www.walqaeda.com.

Wal-Mart contended that Smith was a merchant who misappropriated its trademarks and business reputation in pursuit of illegal profit and Smith's Walocaust and Wal-Qaeda concepts, by associating Wal-Mart with the perpetrators of such atrocities as the Holocaust and the attacks of September 11, 2001, unquestionably tarnished the Wal-Mart marks. Smith's contention was that Wal-Mart is attempting to misuse trademark laws to censor his criticism of the company. According to Smith, at stake in this case is a person's right to publicly criticize the world's largest retailer—or any other business.

Court refused to recognize dilution by tarnishment on the ground that tarnishment caused merely by an editorial or artistic parody which satirizes the complainant's product or its image is not actionable under an anti-dilution statute because of the free speech protections of the first amendment.⁷⁰ A claim of dilution applies only to purely commercial speech⁷¹ and as Smith primarily intended to express himself with his Walocaust and Wal-Qaeda concepts and since commercial success was only a secondary motive of Smith's parodic work, it should be treated as non-commercial speech and, therefore, not subject to Wal-Mart's trademark dilution claims, despite the fact that Smith sold the designs to the public on t-shirts and other novelty merchandise.

Such a strong decision would be an impossibility under the present Indian Trademarks Act, 1999. Similarly in *Louis Vuitton Malletier S.A., v. Haute Diggity Dog, LLC*,⁷² Haute Diggity Dog, LLC, a Nevada corporation that manufactures and sells pet products nationally, and which, it claims, parody famous trademarks on luxury products, including those of Louis Vuitton Malletier was held not to dilute the famous LOUIS VUITTON marks for luxury luggage, handbags, and accessories. Haute Diggity Dog manufactures, among other things, plush toys on which dogs can chew and their Dog's "Chewy Vuiton" dog toys loosely resemble miniature handbags and undisputedly evoke LVM handbags of similar shape, design, and color. In lieu of the LOUIS VUITTON mark, the dog toy uses "Chewy Vuiton"; in lieu of the LV mark, it uses "CV"; and the other symbols and colors employed are imitations, but not exact ones, of those used in the LVM multicolor and cherry designs.

70. Court here relied on the decision in *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 812 (9th Cir. 2003).

71. *Ibid.*

72. 507 F.3d 252 (4th Cir. 2007). The importance of this case is that this is the first case decided by the U.S. Appellate Court under TDRA, 2006.



The court accepted the argument of the defendant that the mark adopted by the defendant is only a parody, relying on the decision in *People for the Ethical Treatment of Animals (PETA) v. Doughney*.⁷³ Applying the PETA criteria to the facts of this case, the court held that the “Chewy Vuiton” dog toys are successful parodies of LVM handbags and the LVM marks and trade dress used in connection with the marketing and sale of those handbags.⁷⁴

In spite of the fact that parody is not automatically a complete defense to a claim of dilution by blurring where the defendant uses the parody as its own designation of source, *i.e.*, as a trademark, under the TDRA,⁷⁵ the court rejected the claim of “dilution by blurring”. It felt that The TDRA, however, does not require a court to ignore the existence of a parody that is used as a trademark, and it does not preclude a court from considering parody as part of the circumstances to be considered for determining whether the plaintiff has made out a claim for dilution by blurring. Indeed, the statute permits a court to consider “all relevant factors,” including the

73. 263 F.3d 359, 366 (4th Cir. 2001). This case defined ‘parody’ for trademark purpose thus: “a ‘parody’ is defined as a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner.” “A parody must convey two simultaneous — and contradictory — messages: that it is the original, but also that it is *not* the original and is instead a parody. This second message must not only differentiate the alleged parody from the original but must also communicate some articulable element of satire, ridicule, joking, or amusement. Thus, “a parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired effect.” See *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1486 (10th Cir. 1987)

74. The court applied the “PETA” factors thus: “First, the pet chew toy is obviously an irreverent, and indeed intentional, representation of an LVM handbag, albeit much smaller and coarser. The dog toy is shaped roughly like a handbag; its name “Chewy Vuiton” sounds like and rhymes with LOUIS VUITTON; its monogram CV mimics LVM’s LV mark; the repetitious design clearly imitates the design on the LVM handbag; and the coloring is similar. In short, the dog toy is a small, plush imitation of an LVM handbag carried by women, which invokes the marks and design of the handbag, albeit irreverently and incompletely. No one can doubt that LVM handbags are the target of the imitation by Haute Diggity Dog’s “Chewy Vuiton” dog toys.”

75. S. 43 (c) (3) (A) states: The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) *Any fair use*, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person *other than as a designation of source for the person’s own goods or services*, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner (emphasis supplied).



six factors supplied in § 1125(c)(2)(B). In other words, even when a defendant's use of a parody as a mark does not support a "fair use" defense, it may be considered in determining whether the plaintiff-owner of a famous mark has proved its claim that the defendant's use of a parody mark is likely to impair the distinctiveness of the famous mark.

Even admitting that the establishment of the facts in the case satisfies essential elements of LVM's dilution claim, the court felt that the facts impose on LVM an increased burden to demonstrate that the distinctiveness of its famous marks is likely to be impaired by a successful parody. Even as Haute Diggity Dog's parody mimics the famous mark, it communicates simultaneously that it is not the famous mark, but is only satirizing it. And because the famous mark is particularly strong and distinctive, it becomes more likely that a parody will not impair the distinctiveness of the mark. The court concluded that as Haute Diggity Dog's "Chewy Vuiton" marks are a successful parody, they will not blur the distinctiveness of the famous mark as a unique identifier of its source.⁷⁶

All these cases clearly reveals the scope of fair use protection under trademark law, its necessity and the extent to which it is recognized under the US trademark law.⁷⁷ Having in view the nature of protection to be extended to "famous" marks under the doctrine of dilution and the reluctance shown by the judiciary in accepting it even in countries like the US, it is felt that the interpretation that the Indian law does not recognize the doctrine is more apt. Since there is no clear inclusion of the doctrine in the Indian Trademarks Act, 1999 it could very well be reasoned that such a doctrine which confers extensive powers to the strong marks requires special mention in the law of a country for it to recognize it. Moreover, as already noted, India is not under any international obligation to extend protection against trademark dilution. Hence it could very well be concluded that it is not necessary for us to give such an expanded protection to the so-called "famous marks".

76. The court, however, struck a note of caution stating that if the parody is so similar to the famous mark that it could be concluded as actual use of the famous mark itself, this finding might not hold good. It added: "But in this case, Haute Diggity Dog mimicked the famous marks; it did not come so close to them as to destroy the success of its parody and, more importantly, to diminish the LVM marks' capacity to identify a single source. Haute Diggity Dog designed a pet chew toy to imitate and suggest, but not *use*, the marks of a high-fashion LOUIS VUITTON handbag." However, this statement is rather confusing as it appears to bring back indirectly, the requirement of confusion in to the concept of dilution.

77. Also see *Hormel Foods Corporation v. Jim Henson Productions, Inc.* 73 F.3d 497. In this case Henson's parody mark "Spa'am" for wild boar in his film was held not tarnishing Hormel's SPAM mark used for luncheon meat.



VI Indian case law – A critical appraisal

In view of the above analysis of the doctrine of dilution, it is interesting to have a critical overview of the Indian case law on the subject, for the purpose of examining how careful the Indian judiciary is in approaching this new concept against the backdrop of Indian economic and industrial development. It appears that the judiciary is often too unconcerned and insensitive to undertake further deliberations as to the need for or desirability of such expansion in the Indian context or as to how far the society is benefited from or affected by such expansion. This situation has to be juxtaposed with the situation in the US, where the concept has gained its present shape and where anti dilution law is existing for more than half a century. As already seen, the judiciary is very cautious in the US in identifying cases of trademark dilution and fixing responsibility.⁷⁸ It is interesting to note that though a number of states in the US enacted anti-dilution laws starting in 1947, until the enactment of the Federal Trademark Dilution Act in 1996 dilution was not a hotly debated issue by the bar and the judiciary in the US.⁷⁹ Even after the enactment of the Federal Trademark Dilution Act, 1996, the courts insisted for actual dilution⁸⁰ and this paved way for the Trademark Dilution Revision Act, 2006. However, still there are apprehensions about the judiciary's reaction to the revised law.⁸¹ The precise reason for this apprehension is said to be the distaste of the judges "for rights that appear unconnected to the protection of consumers".⁸²

For a correct appreciation of Indian case law it is worthy to have a look at the attitude of the American judiciary under FTDA and the new TDRA. The courts appear to be well aware of their responsibility to be careful in not broadening the statutory provisions so as "to prohibit all uses of a distinctive mark that the owner prefers not be made" even while upholding dilution.⁸³ They interpreted each and every requirement under the statute very strictly. For example, in *Star Markets, LTD., v. Texaco, Inc.*⁸⁴ the

78. Read Clarisa Long, "Dilution" 106 *Col L Rev* 1029 (2006).

79. *Supra* note 49 at 1166.

80. Read *Ringling Bros.-Barnum & Bailey Combined Shows, Inc., supra* note 21; *Moseley v. V Secret Catalogue, Inc.*, 537 U. S. 418 (2003) etc.

81. Read *Graeme B. Dinwoodie & Mark D. Janis*, "Dilution's (Still) Uncertain Future" 105 *Mich L Rev* First Impressions 98 (2006) available at <http://www.michiganlawreview.org/firstimpressions/vol105/dinwoodie.pdf>. The authors feel that "there are good reasons to believe that the TDRA has not put to rest the concerns that generated judicial resistance under pre-TDRA law".

82. *Ibid.*

83. *Deere & Co. v. MTD Products, Inc.* 41 F.3d 39 (1994).

84 950 F.Supp. 1030. In this case the plaintiff has operated a supermarket business in Hawaii under the name "Star Markets" since 1946. Defendants operate gasoline stations throughout the United States. A dilution claim by the plaintiff was rejected by



court held that a mark must be especially famous and distinctive to merit protection under the Act because a violation of the Act triggers extensive relief — preventing all others from using the mark. So the court held that the degree of distinctiveness required under the Act is higher than that is needed to be proved in infringement cases.⁸⁵ In determining the fame of the mark, the court made detailed enquiry as to each of the eight factors that are to be considered by the court as stipulated by the Act and concluded that the plaintiff's mark is not famous as required under the Act.

Similarly, the two major types of dilution, blurring and tarnishment are also strictly interpreted by the US courts. Blurring, as has already been dealt, typically involves “the whittling away of an established trademark's selling power through its unauthorized use by others upon dissimilar products.”⁸⁶ “Tarnishment” generally arises when the plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner's product.⁸⁷ In such situations, the trademark's reputation and commercial value might be diminished because the public will associate the lack of quality or lack of prestige in the defendant's goods with the plaintiff's unrelated goods, or because the defendant's use reduces the trademark's reputation and standing in the eyes of consumers as a wholesome identifier of the owner's products or services.⁸⁸

In *Mead Datacentral v. Toyota*⁸⁹ Sweet J, in his concurring opinion, has laid down a six factor test to determine dilution by blurring.⁹⁰ In *Ringling Bros.-Barnum & Bailey Combined Shows, Inc., v. Utah Division of Travel Development*⁹¹ the court felt that the Mead-factor analysis is not appropriate for assessing a claim under the federal Act and, of the factors, only mark similarity and, possibly, degree of “renown” of the senior mark

the court as it felt that the plaintiff's mark was not sufficiently “famous”. Reasons for the court in reaching this conclusion were: lack of high level distinctiveness, insufficiency of the geographic area to which the fame of the mark was spread, the extent of use of same or similar marks by third party and lack of federal registration of the mark.

85. In *I.P. Lund Trading ApS and Kroin Inc., v. Kohler Co. and Robern, Inc.*, 163 F.3d 27, 49 U.S.P.Q.2d 1225 (1st Cir. 1998) also the court made it clear that a party seeking to establish the fame of a trade dress under the dilution Act bears a “significantly greater” burden than that of establishing distinctiveness for infringement purposes.

86. *Mead Datacentral v. Toyota* 875 F.2d 1026

87. *Supra* note 83. See for example, *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972). In this case, the defendant created a poster “Enjoy Cocaine” in the same format of the plaintiff's trademark “Enjoy Coca-Cola”.

88. *Supra* note 83.

89. *Supra* note 86 at 1031

90. The six factors are: similarity of marks, similarity of products, consumer sophistication, predatory intent, and renown of the senior and junior marks.

91. *Supra* note 21.



would appear to have trustworthy relevance under the federal Act. It rejected the argument of *Ringling* that “dilution” by “blurring” occurs whenever a junior mark is either identical to or sufficiently similar to the famous mark that persons viewing the two instinctively will make a “mental association” between the two. The court felt that such an interpretation of the concept would have the effect of creating property rights in gross in the narrow category of marks protected by dilution doctrine, making them comparable — without their time-limits — to those protected by patent and copyright law.⁹² The court felt that it could not accept as a general proposition that Congress could have intended to create property rights unlimited in time (*via* injunction), without making its intention to do so perfectly clear, even in “famous” trademarks.

Instead, the court interpreted the Act as requiring for proof of “dilution”: (i) a sufficient similarity between the junior and senior marks to evoke an “instinctive mental association” of the two by a relevant universe of consumers which (ii) is the effective cause of (iii) an actual lessening of the senior mark’s selling power, expressed as “its capacity to identify and distinguish goods or services.”

The court went on adding that it is not necessary that in all cases of junior uses, a senior mark’s economic value gets affected. On the contrary, there are chances that there is absolutely no impact on the senior mark because of lack of exposure, general consumer disinterest in both marks’ products, or for other reasons. In certain cases a junior use might even enhance a senior mark’s “magnetism” as imitation is the “sincerest form of flattery” even in the context of market places.

The court concluded that the “whittling away” of the selling power of the senior user’s mark is the ultimate concern of dilution law, and therefore, loss of that power, and the economic value it represents, was the end harm at which the anti-dilution statutes were aimed. It suggested three general means to assess the “whittling away” of the “selling power” of the senior mark deriving from its distinctiveness that it formerly had:

Most obviously, but most rarely, there might be proof of an actual loss of revenues, and proof of replicating use as cause by disproving other possible causes. Most obviously relevant, and readily available, is the skilfully constructed consumer survey designed not just to demonstrate “mental association” of the marks in isolation, but further consumer impressions from which actual harm and cause might rationally be inferred. Finally, relevant contextual factors such as the extent of the junior mark’s exposure, the

92. The court while doing so was agreeing with Robert N. Klieger. Read Robert N. Klieger, “Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection” 58 *U Pitt L Rev* 789, 802 (1997).



similarity of the marks, the firmness of the senior mark's hold, are of obvious relevance as indirect evidence that might complement other proof.

Even in *V Secret Catalogue, Inc v. Victor Moseley*⁹³ the district court reiterated the Supreme Court's view⁹⁴ that blurring is not a necessary consequence of a mental association in the mind of the consumer between an accused mark and a famous mark. What is needed is the proof of any lessening of the capacity of the VICTORIA'S SECRET mark to identify and distinguish goods or services sold in Victoria's Secret stores or advertised in its catalogues. The district court agreed with the view of the Supreme Court that V Secret's expert did not address the impact of the Moseleys' use of their mark on the strength of the VICTORIA'S SECRET mark. Thus the court found that there was actual association between the marks, but no evidence of actual dilution of the famous mark. While considering the matter afresh after a "thorough analysis of the facts, in the application of the new statute" under the new statute's⁹⁵ "likelihood of dilution standard", the court concluded that there has been no showing of a likelihood of dilution by blurring.

In reaching this conclusion the court considered the sole evidence of the experience of the offended army colonel in this case militated against a finding that the distinctiveness of the VICTORIA'S SECRET mark would likely be impaired by the use of the "Victor's Secret" or "Victor's Little Secret" marks. The evidence in the case established that a consumer, the army colonel, readily associated the Moseleys' mark with the VICTORIA'S SECRET mark, but did not link the store to the Victoria's Secret brand. It never appeared in his mind that the Moseleys' offerings of intimate lingerie, sex toys, and adult videos were V Secret merchandise. Though the choice of name and presentation by the Moseleys, being just slightly different from the VICTORIA'S SECRET mark, conjured an association with the famous mark, it fell short of blurring its distinctiveness in this instance.⁹⁶

While accepting the possibility that a blurring of that distinctiveness could occur in the minds of some consumers, the court held that in considering the likelihood of blurring it must address the evidence before

93. 2008 WL 2152189 (W.D.Ky). This is the final decision by the district court delivered on 19th May 2008, after the case was remanded to the lower court by the Supreme Court in its Famous *Moseley* case decision. In the meanwhile, in order to rectify the Supreme Court's stand that proof of actual dilution is essential in dilution cases, the Trademark Dilution Revision Act 2006 (TDRA 2006) was passed.

94. See *Moseley v. V Secret Catalogue, Inc.*, 537 U. S. 418 (2003)

95. Trademark Dilution Revision Act, 2006

96. Here also the reasoning of the court raises the doubt whether it is surreptitiously bringing in confusion standards in to a case of "dilution by blurring".



it which militated against a finding of likelihood. However, the court noted that V Secret could have met the evidence militating against a finding of blurring, but as it chose not to do so even after remanding the case to the district court, in spite of the Supreme Court clearly suggesting an evidentiary deficiency, it rejected the claim of dilution by blurring.

With respect to tarnishment also the American courts appear to be strict. There is also inconsistency among the courts in defining “dilution by tarnishment”. For example, in *Deere & Co. v. MTD Products, Inc.*⁹⁷ it was held that the defendant’s television commercial for its competing lawnmower tractor, altering the famous Deere trademark from a proud, majestic deer, to one that was cowardly and afraid amounted to tarnishment. However, in *Hormel Foods Corporation v. Jim Henson Productions, Inc.*⁹⁸ this decision was considered as one recognizing a “broad view” of tarnishment. In that case, it was held that defendant’s use of “Spa’am” for the name of a wild boar, a character in defendant’s film did not tarnish plaintiff’s distinctive and famous mark SPAM for luncheon meat as it is a parody and the plaintiff’s mark was not made to suffer any negative associations through defendant’s use. Though Hormel claimed that linking its luncheon meat with a wild boar would adversely colour consumers’ impressions of SPAM, the court held that a simple humorous reference to the fact that SPAM is made from pork is unlikely to tarnish Hormel’s mark.

However, India could be proud of (if it is a reason for being proud of) the fact that its courts started extending wholehearted support to the doctrine without much discussion from as early as 1993 onwards or even before.⁹⁹ For example, in *Daimler Benz v. Hybo Hindusthan*,¹⁰⁰ without even attempting to analyse the concept of dilution, or any legal principles underlying trademark violations for that matter, the court vehemently attacked “the great perversion of the law relating to Trademarks” carried out when “a mark of the order of the “Merceded Benz” was humbled by the defendants by using it on undergarments. The court appears to be flabbergasted by the status of the mark and was quite emphatic in stating that such a mark is not up for grabs. In spite of being the first judgment in India to base its decision on the concept of dilution, vaguely though, the court never thought it important to analyze the concept and the desirability

97. *Supra* note 83.

98. 73 F.3d 497

99. For example, read *Bata India Limited v. Pyarelal & Co. & Others* PTC (Suppl)(1) 116 (All), *Surjit Singh v. M/s. Alembic Glass Industries Ltd.*, AIR 1987 Delhi 319 etc. In all these cases remedy was granted to the plaintiff where the defendants were using similar marks even in the absence of common field of activity.

100. 1994 (14) PTC 287.



of bringing such an extended form of protection to trademarks.¹⁰¹ However, the Delhi High Court was never concerned about the legal issues involved and their possible solutions. It simply got carried away by the name of a motor vehicle manufacturing company. The court never bothered to measure the injury caused to the mark 'Benz' either by way of blurring or tarnishment, the two major forms of trademark dilution. It also thought it unnecessary to examine how far the elements of dilution were present in that case. It is interesting to note that this decision came at a time when India was under no obligation, either national or international, to protect well-known marks.¹⁰² The court never looked into issues like requirement for registration, use or reputation of the mark in India, who constituted the relevant sector of the public etc. This move to confer monopoly over the mark without any discussion is quite disturbing as it reminds us of the apprehension of David Vaver that a concept like dilution confers worldwide perpetual copyright for a word which is not legally qualified for copyright protection.¹⁰³

In *Caterpillar v. Mehtab Ahmed*,¹⁰⁴ the plaintiff, a US based company, was using trademarks 'caterpillar' and 'cat' in respect of manufacture for

101.. It is quite interesting to note that even as late in 2003 in the US, where the dilution doctrine first developed in its present shape and gets the maximum support, the Supreme Court held that in order to attract remedy under the Federal Dilution Revision Act, actual dilution needed to be proved. *Moseley v. V Secret Catalogue*, *supra* note 94.

102 India became a signatory to the Paris Convention only as late in Dec 7, 1998 and the Trademark Act, 1999, enforcing TRIPS obligations was implemented only in 2003. None of these legal instruments require the type of protection extended by the Indian judiciary. Moreover, the Trade and Merchandise Marks Act, 1958 required defensive registration for extending trademark protection to dissimilar goods.

103. David Vaver, "Unconventional and Well-Known Trade Marks" 2005 *Singapore Journal of Legal Studies* 1-19 available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=952334#PaperDownload If the decision in *Mead Datacentral v. Toyota* could be accepted, the fact that the consumers of both the goods are different would have affected the plaintiffs adversely. In that case the court held that the fact that a mark has selling power in a limited geographical or commercial area does not endow it with a secondary meaning for the public generally. As per the majority view the strength and distinctiveness of LEXIS is limited to the market for its services - attorneys and accountants. Outside the market, LEXIS has very little selling power because only one percent of the general population associates LEXIS with the attributes of Mead's service. Therefore, it cannot be said that LEXIS identifies that service to the general public and distinguishes it from others. Moreover, the bulk of Mead's advertising budget is devoted to reaching attorneys through professional journals. If this is the correct view, it is equally applicable to this case. The question to be addressed here is with respect to which group/class of the public the distinctiveness of a mark has to be evaluated. Or is it to be assessed based on its reputation among the general public.

104. 2002 (25) PTC 438 (Del).



construction, mining, roads, building agriculture industries, footwear and garments etc. since 1904 (footwear and garments especially) in the US. But they neither got the mark or logo registered in India for footwear (though they got them registered in India for some other goods) till the time of the decision nor the products were sold in India. Defendant was selling articles including footwear under the trademark 'cat' and 'caterpillar' in India. However, as the plaintiff's trademark enjoy a reputation and goodwill as they are extensively sold and advertised in the US and the countries world over, it is averred by the plaintiffs that there is a spill over of reputation into India and among the relevant customers.

While deciding this case, the court made sweeping remarks to the effect that trademark is like a property and no unauthorized person can commit a trespass. As per the court, adoption of similar or near similar marks, even in respect of same goods, by subsequent user would result in the dilution of the mark. The court stated that the doctrine of dilution is an independent and distinct doctrine and observed thus:¹⁰⁵

The underlying object of this doctrine is that there is presumption that the relevant customers start associating the mark with a new and different source. It results in smearing or partially affecting the descriptive link between the mark of the prior user and its goods. In other words, the link between the mark and the goods is blurred. It amounts to not only reducing the force or value of the trademark but also it gradually tapers the commercial value of the marks slice by slice. Such kind of dilution is not a fair practice that is expected in trade and commerce.

In this case also the court did not consider whether India was under any legal obligation to recognize such an extensive protection as extended by the protection against trademark dilution. When compared with the US decisions, it could be seen that the court did not look into the required fame under the doctrine of dilution. Spill over of reputation into India, which is considered insufficient in many countries even in cases of "well-known" mark protection was accepted in this case, as enough to constitute trademark dilution. It also failed to examine the nature and extent of dilution caused to the plaintiff's trademark. As opposed to the decision in *Ringling Bros'* case, mere mental association between both the marks in the minds of consumers was considered enough to constitute dilution. The court never bothered to examine the extent of "blurring" caused to the distinctive quality of the plaintiff's mark.

The court held that the mark of the plaintiff has become synonym for quality of high degree and adoption of its name along with distinctive and

105. *Id.* at 441.



unique characteristics of style by defendants discloses propensity to trade or cash upon goodwill and reputation of the plaintiff's trademark and it is nothing but piracy of trade name.¹⁰⁶ It is submitted that cashing upon goodwill and reputation of a senior mark is not the concern of the trademark law. On the other hand, the concern of trademark law is the harm done to the plaintiff's mark. Even if the dilution theory is accepted without any objection, dilution by blurring or tarnishment has to be proved. The court, in this case also, did not bother to enquire about such proof. And the standard used by the court to measure the fame of the plaintiff's mark also is not the one required in an action for dilution.

In this case, the court also examined the question whether use of a same or similar mark on competing goods would amount to dilution and answered it in the affirmative. The court did this after considering the conflicting views existing in this subject.¹⁰⁷ In this context the concern expressed by McCarthy is worth quoting:¹⁰⁸

To apply "dilution" in the case of competing litigants is, in my view, a dangerous misuse of the dilution theory. It is bound to result in harm to the balance of free and fair competition. I believe that "dilution" (of whatever dimensions) must be defined as a separate and distinct kind of protection for a few (a very few) widely known trademarks.

Another factor to be taken into account in this respect is that the traditional trademark law is enough to handle cases of use on competing goods.

Another Indian case in which remedy was granted under trademark dilution is *Aktiebolaget Volvo v. Volvo Steels Limited*.¹⁰⁹ In this case sales of plaintiffs' products in India were absolutely insignificant and the activities and products of the plaintiffs and the defendants were different and distinct. The court, after having a discussion on the law of passing off and some cases, running into pages, came to an abrupt conclusion that it is a case for protection against dilution of the plaintiffs' brand name 'Volvo'.¹¹⁰ As in all other cases, where the court has upheld the presence of trademark dilution, the court in this case also did not discuss or analyse the scope or meaning or extent of the concept of dilution. It is interesting to note that in this case, despite the fact that there was virtually no sales of plaintiffs' products in India — which means that the mark was not competent enough

106. 2002 (25) PTC 438 at 443(Del).

107. *Supra* note 104 at 442. The court held: "The view holding field is that the concept of dilution does not substitute the rule relating to likelihood of confusion when the parties happened to be competitors."

108. *Supra* note 49 at 1177.

109. 1998 PTC (18) 47 (Bom) (DB).

110. *Id.* at 101.



to meet even the well-known mark requirements – the court found dilution of the plaintiffs' trademark. In other words, the court never looked into the nature of the distinctiveness of the mark which is of paramount importance in cases of dilution.¹¹¹ The court thought it enough for the plaintiff to have reputation and goodwill throughout the world and a *prima-facie* presence in India to meet the dilution requirement. Instead of searching for the reputation of the plaintiffs' mark, the court questioned the reasons for the defendants' adopting the word 'Volvo'. It is not clear how this becomes relevant when the plaintiff's mark itself is not famous enough among the general consuming public in India so as to indicate a connection or association in the minds of the public between the plaintiff and the mark.

There are many other cases like *Glaxo India Ltd. & Anr v. Drug Laboratories*,¹¹² *Honda Motors Company Limited v. Charanjit Singh and Others*,¹¹³ in which the courts applied the concept of dilution without bothering to attribute any meaning to the term. A close perusal of these cases reveal that the court in almost all these cases never bothered to analyse the conceptual differences, if any, between infringement, passing off and dilution of trademark. Moreover, most often the courts are found satisfied with the requirement for a well-known mark to meet dilution requirement. It is felt that the overall attitude of the Indian judiciary in dealing with dilution cases is indifference to the wider implications of the concept of dilution and its impact on Indian trade and industry. Thus, the judiciary fails to evolve a trend suited to the Indian scenario. This is quite unlike the situation in the US.

VII Conclusion

Having in view the extensive protection extended to reputed marks by the dilution doctrine, a liberal interpretation of the doctrine by the judiciary is not in public interest. It prompts every trademark owner to get his mark included in the class of famous mark. Moreover, the liberal approach of the judiciary in examining the fame and other standards required to constitute dilution makes this field altogether murky. As apprehended by Mark A. Lemley, if courts are not careful to restraint the new doctrine, it will soon take a life of its own.¹¹⁴

111. Solely based on registration of the plaintiffs' mark in class 7 for various products and advertisement on Star T.V. from 18th Oct to 1st Nov 1994, the court concluded that though 'Volvo' has not become a household name, it is recognised as one of the distinctive brand.

112. 2002 (25) PTC 105 (Del).

113. 2003 (26) PTC 1 (Del).

114. Lemley, *supra* note 3 at 1698. He calls this the problem of "doctrinal creep" and is of the view that the most obvious example of doctrinal creep in trademark law



One may be at a loss to understand why the concept of dilution is gaining ground in view of the flexibility now available in assigning and licensing trademarks which proclaims that quality control by the owner of the mark is no more expected in the present day context. What is the justification in saying that what harm the owner of the trademark is free to cause to his mark cannot be caused by others? Does the trademark dilution concept go to the extent of asserting that the purpose of trademark law is simply to protect the economic interest of owner of trademark who invests in generating goodwill not by quality assurance but by persuasive advertisements? Trademark dilution doctrine, along with unbridled power to alienate the mark may result in absolute propertization of trademarks, absolving it from the obligation to take care of the consumer interests. The rationale for preventing free alienation of trademarks is closely associated to the goals of trademarks law *viz.*, preventing consumer confusion and encouraging investment in product quality. It is doubtful how these goals are to be served in a theory merchandising the mark itself. Assignments in gross do active damage to the goals of trademark law.¹¹⁵ The mental associations consumers make between trademarks and products are weakened by such transfers. While permitting this to happen by liberalising the rules of assignments and licensing of trademarks on the one hand, clamouring for maximum protection of such mental association by demanding protection against trademark dilution appears to be a paradox.

In this backdrop one may have to agree with Mark A. Lemley who said that if trademark owners are obtaining property rights that trademark theory cannot justify, the courts could handle this problem to a great extent, if they are vigilant in relating the protection plaintiffs seek to the principles of trademark theory and rejecting claims that are not well-founded on trademark principles. Courts should consider the incentives one anticipates the trademark law to create, the harm done to consumers by the conduct at issue and the interests of society at large in upholding the interest of the trademark owner.¹¹⁶

It is submitted that if at all the theory of dilution is accepted by the courts, its application should be limited to cases of non-competing marks as other remedies are available under traditional trademark law in cases of competing marks. Even in the case of non-competing marks, it has to be looked into if there is actual dilution or any possibility of actual dilution. In cases where a reasonable buyer is not at all likely to think of the senior user's mark on seeing the subsequent mark, there is no question of dilution. It does not appear that all uses of a famous mark should be prohibited even under the doctrine of dilution. If all uses of a similar mark by a subsequent

is dilution.

115. *Id.* at 1710.



user are construed as actionable, the effect will be conferring copyright-like rights in gross in trademarks.¹¹⁷ Moreover, it is not necessary that all uses dilute famous marks. On the contrary, the subsequent use may act like a free advertisement to the senior mark and nothing more.¹¹⁸ It appears to be true when we consider the *Benz* case. A use of the mark 'Benz' on undergarments may not weaken the mark though it may remind one of the corporate giant manufacturing highly expensive automobiles under the same name. Therefore, unless strict proof of actual dilution either by way of blurring or tarnishment is adduced, it is desirable that the courts abstain from granting any relief.

Section 29 of the Trademarks Act, 1999 requires urgent amendments. Sub-section 4 of section 29, which treats use by another person, of a registered trademark having reputation in India, even on dissimilar goods as infringement, if made without due cause taking unfair advantage of or affecting its distinctive character detrimentally is very vast in its scope as it does not insist on confusion. As India is not under any obligation to recognize trademark dilution, this provision could well be interpreted to protect well-known marks. Then there is no requirement for avoiding the confusion requirement. Moreover, equating taking of unfair advantage with the infringement of trademark law is simply stretching trademark law beyond its justifiable limits and that should be dropped from the section. Another suggestion is that as clauses (b) and (c) of sub-section 8 of section 29 block fair use and even fair using of comparative advertisement techniques, which are legally permitted by countries like the US and the UK, thereby preventing healthy competition, has to be dropped from the section.

With respect to recognition of trademark dilution by Indian trademark law, it is submitted that as there is no international pressure on India to introduce such a far-reaching concept, India need not bring in provisions recognizing it, especially in the backdrop of the American judiciary rejecting the attempts to strengthen the protection against dilution.

116. *Id.* at 1713

117. Jonathan E. Moskin, *supra* note 44 at 132.

118. *Id.* at 135.