TRADEMARK DILUTION- ITS EVOLUTION IN INDIA AND COMPARISION WITH US ANTI DILUTION LAWS

***RAASHISH RANA**[1]

ABSTRACT

The general understanding of a trademark is just of a source indicator. The trademark is not only limited to here only but brand value, commercial value is also linked with it. The doctrine of trademark dilution disaffirms the view that the trademark's sole purpose is to indicate the source of the origination and that it is not just a figurative representation but also carries a creative aspect. It plays a vital task of creation of a brand's name and commercial value. The concept of trademark is a relatively new concept and took its modern form in the past decade, the international law also gives recognition to the idea of dilution. In India the Trademarks Act, 1999 gives it recognition not explicitly but impliedly, international recognition of dilution puts pressure upon the domestic laws to protect the trademarks form dilution. The Indian law is not very clear regarding the concept of dilution but thanks to the Indian judiciary which has played a great role in developing the concept of dilution by the way of various case laws and this paper discusses how the concept took its current and modern state and also discusses the evolution of dilution and how it stands in comparison with the US anti-dilution laws.

KEY WORDS: Trademark Dilution, Tarnishment, Blurring, Fair use.

[1] XII Trimester, Institute of Legal Studies and Research, GLA University, Mathura

"The only rational basis for protecting a mark is to preserve the uniqueness of a trademark"- Frank Schechter

I-INTRODUCTION-

The method of research used in this article is doctrinal in kind both primary and secondary sources were used before coming up to the conclusion. The usage of trademarks can be traced back to the pre-historic times, when they were used on the selling and purchasing of goods. Its example can be seen on the ancient artifacts unearthed by the archaeologist, those are engraved with different kinds of marks and symbols that are both religious and superstitious. They were also used to identify the maker of them but were still far behind and lacked as compared to the modern concept of trademarks. With the passage of time the concept of trademark took its current form. Now the trademarks are known as the source indicators for the goods and services, any one while purchasing a product sees the trademark which provides her with the sense of satisfaction that the product which she is purchasing belongs to a certain company which is known for its quality and better service. The usage of trademark leaves an impression upon the minds of the customer to the extent that they start to associate certain goods or services with that brand.[2] Trademark is an arm of intellectual property which also comes under the ambit of intangible type of property which similarly to any other tangible property it holds equal economic value and this can become a vital asset for a company. The trademark can influence a consumer's purchasing decision and choice as being a source indicator, it differentiates the products and services of one brand from that of other brand's, people are becoming more brand conscious while making a purchase which in turn to the economic benefit for the proprietor of the trademark. Therefore, the protection of the intellectual property of the brands from infringement becomes necessary since it also serves economical purpose, builds brand and its reputation.

The concept of trademark dilution was coined by the Frank Schechter in his paper "The Rational Basis of Trademark Protection". This paper brought an elemental change in the

[2] Edward S. Rogers, 1, Some Historical matter concerning Trademark, Available at JSTOR, Pg no. 1, https://www.jstor.org/stable/pdf/1276308.pdf , accessed on 20/09/2022 at 15:10

protection of trademark protection, this theory of trademark dilution is a reflection of the ever-increasing demand of granting the trademarks a wider protection.[3]

RESEARCH QUESTIONS-

Q-1- What lead to the evolution of the concept of dilution in India?

Q-2- How does Indian Trademarks Act compete with USA's anti-dilution laws?

II-CONCEPT OF TRADEMARK DILUTION-

Trademark dilution is a process where another person or another company who is not the authorized person/entity to use that trademark or similar kind of trademark uses that similar trademark without permission of the original proprietor for the purpose of making inferior quality of goods as compared to the rightful owner or original proprietor. What it will do is that, it will change the perception about that company in the mind of ordinary people. For eg. If someone starts manufacturing inferior quality soft drinks with using the name of Pepsi then will affect the image of Pepsi Co. and will eventually lead to trademark dilution by way of tarnishment.

There are various case laws which have covered the dilution of trademark. Trademark dilution also occurs for companies who don't even sell any product in India. The reason of this is Globalization, the world is a global village where everyone is connected and information flows very fast. If a brand is present in one country there is very high probability that the citizens of India or any other country must be well aware about that company. This is called trans-border reputation (Whirlpool Case law, 1996[4]). Due to trans-border reputation, the trademark dilution could also happen in the country where the company does not even sell its products or have very meagre presence. Trademark dilution can happen by two ways one is by way of blurring and the second one is by way of Tarnishing.

Trademark dilution refers to the behaviour that affect a well-known brand's ability to differentiate its products or services. This behaviour changes the public's perception of a trademarked product, which over time can depreciate a famous brand and mislead consumers.

[3] Frank I. Schechter, 'The Rational Basis of Trademark Protection', https://www.jstor.org/stable/i257086 Harvard Law Review, p.813 volume 40:6, 1927, Pg no. 833, accessed on 19-09-2022 at 14:23

[4] Whirlpool Case law 10703 of 1996 available at Indian Kanoon https://indiankanoon.org/doc/1676726/, accessed on 20/09/2022 at 19:20

Therefore, the dilution does not rely on the traditional infringement tests of likelihood of confusion, misrepresentation or error; instead, dilution occurs when unauthorized use of a famous mark diminishes public opinion that the mark means something unique, one of a kind, or special.[5]

III- EVOLUTION OF THE CONCEPT OF DILUTION

In the previous act i.e., Trade and Merchandise Marks Act, 1958 did not have the provisions about trademark dilution. The Well-known marks were protected by section 47 of the TMM Act. The concept of trademark dilution officially entered with the enactment of the Trademarks Act, 1999. In the previous act i.e., Trade and Merchandise Marks Act, 1958 there had been no provisions regarding dilution but in the current TM Act of 1999 section 29(4) deals with the concept of trademark dilution.

Section 29(4) of the Trademarks Act,1999 mentions about the use of similar trademarks in dissimilar product categories. It provides a wider protection to the trademarks which is not just limited the products of the same class but even extends to other classes of goods and services.

The courts by way of judgement had evolved or introduced trademark dilution in India.

1. **Bata India Ltd. v. Pyarelal & Co. AIR 1985 All 242** is one of the initial cases related with dilution of the trademark. The case went before the Allahabad High Court for appeal after the Meerut District court refused to grant injunction to the plaintiff. The Allahabad High Court reversed the decision given by the district court. The court said that the defendant party has not been able to give any reasonable or valid justification for the use of the name "BATAFOAM" as the word is neither something fancy nor it is parental name. So, the court was of the view that the use of such mark which is likely to create confusion in the mind of an average customer whose recollection of memory is imperfect.[6]
2. **Daimler Benz Aktiegessellschaft & Anr. v. Hybo Hindustan AIR 1994 Delhi 239, 1994 RLR 79** In this case the Delhi H.C observed that *"the defendant cannot dilute that by user of the name Mercedes with respect to a product like a thermos or a casserole".*

[5] Brajendu Bhaskar, Available at NUJS Law Review, Pg no. 640 "http://www.commonlii.org/in/journals/NUJSLawRw/2008/37.pdf" accessed on 21/09/2022 at 16:00
[6] Bata India Ltd. v. Pyarelal & Co. AIR 1985 All 242 available at Indian Kanoon https://indiankanoon.org/doc/150587/ accessed on 21/09/2022 at 23:20

This observation was made by the court even before the enactment of the Trademarks Act, 1999. The court used the term dilute in the judgement when the defendant was infringing the well renowned mark "Mercedes" by using it with products like thermos and casseroles. The name "Mercedes" is given to an expensive and a product of premium quality it is not to be used with some products like casserole which will end up diluting the famous trademark of "Mercedes".[7]

3-**Caterpillar Inc. v. Mehtab Ahmed**[8] **2002 (25) PTC 438 (Del)**

The plaintiff company, Caterpillar Inc. filed a suit for passing off and copyright infringement before the Delhi High Court when its mark 'CATTERPILAR' was infringed. The Court framed two issues for consideration. Firstly, whether the trademarks CAT and CATERPILLAR could be monopolized by anyone; and secondly, whether the plaintiff was required to prove the use of the mark by showing sales of its goods under the mark in the country where it alleged passing off. The Court after making a detailed analysis of trademark dilution, found that the object of protecting well-known marks was to avoid the weakening or dilution of the concerned mark. The Court opined that it was a commercial invasion by the subsequent user and such kind of dilution or weakening of the trademark need not be accompanied by an element of confusion. The Court further stated that such use resulted in smearing or blurring the descriptive link between the mark of the prior user and its goods and reduced the force or value of the trademark.

Case- ITC v Philip Morris Products SA & Ors[9]**, 2010 (42) PTC 572 (Del)**

ITC moved an application before the Delhi H.C for the grant of an injunction against the use of a styled logo by Philip Morris in their famous Marlboro brand of cigarettes. This application was rejected by the court saying in its own words "Even the probability of dilution should be proven by evidence, not just by theoretical assumptions about what possibly could occur or might happen"

The court also said that the dilution would be considered if such elements are fulfilled-

[7] Daimler Benz Aktiegessellschaft & Anr. v. Hybo Hindustan AIR 1994 Delhi 239, 1994 RLR 79 available at Indian Kanoon https://indiankanoon.org/doc/1460548/ accessed on 22/09/2022 at 14:12
[8] Caterpillar Inc. v. Mehtab Ahmed Available at Indian Kanoon https://indiankanoon.org/doc/1068613/ accessed on 22/09/2022 at 17:00
[9]ITC v Philip Morris Products SA & Ors 2010 (42) PTC 572 (Del) Available at Indian Kanoon https://indiankanoon.org/doc/1068613/ accessed on 23/09/2022 at 21:00

1. The impugned mark is identical or similar to the well-known mark
2. The well know or the injured mark has a reputation in India
3. The use of the impugned mark is without due cause
4. The use of the impugned mark leads to taking of unfair advantage of or is detrimental to the distinctive character or reputation of the registered trademark.[10]

Case- Tata Sons Ltd. v. Manoj Dodia [11]CS(OS) No. 264/2008

The suit was filed by the plaintiff i.e. Tata Sons Ltd. for permanent injunction, damages, rendition of accounts and delivery of the infringing materials. The plaintiff claims to be the registered proprietor of the trademark "TATA" which the defendant has infringed by using a deceptively similar trademark namely "A-One TATA" which was used by the defendant for the manufacturing of the weighing scales and spring balances.

The court made certain observations regarding dilution-

a- That the employment of well-known marks even in regard with of dissimilar goods and services, though it may not cause confusion in between the consumers about the source of the trademark but it may lead to negatively affect the reputation of the well-known mark by diluting the distinctiveness of the trademark.

b- The court also observed that the traditional principles which are to be use in determining the possibility of confusion is found to be insufficient in order to grant protection to the well-known marks.

The new Trade Marks Act,1999 has introduced section 29(4) which directly does not talks about protecting the trademarks from dilution instead it mentions about an identical or similar trademark which infringes the original trademark and such use of the marks is detrimental to the reputation and distinctiveness of the mark. The fact that has to be observed here is that the section mentions about protecting a mark with reputation and not only a well-known mark. Infringement of the Trademark by the way of dilution would be considered if the employment of such marks leads to these results-

[10] Available at Fortis Law Firm's website https://fotislaw.com/lawtify/trademark-dilution-law-india/ accessed on 19/09/2022

[11] Tata Sons Ltd. v. Manoj Dodia CS(OS) No. 264/2008 https://indiankanoon.org/doc/344613/ accessed on 07-10-2022 at 16:32

1-Without due cause takes unfair advantage of the distinctive character or reputation of registered trademark

2-Without due cause is detrimental to the distinctive character or repute of the registered trademark.

IV-COMPARISION OF TRADEMARKS ACT, 1999 WITH ANTI DILUTION LAWS OF USA

The Indian Judiciary have failed to make any variance in between the "Well-known" and “famous” marks and they apply the similar standards of reputation applicable to well-known marks or even reduced grade for dilution cases. In the USA Anti-dilution laws are only felicitous in the case of famous marks. Category of Well-known trademarks is wide and “famous” marks are a special category under it which are generally presumed to have a higher degree of reputation than the well-known marks Hence, the supporter of this theory are of the view that this category of marks deserves a wider protection on non-competing goods.

The “principle of speciality” is an exception to the above-mentioned protection which states that the trademarks can only be protected only in relation with the same class of goods and services. Now, to be granted such type of wide protection to a trademark the requirements for trademark also correspondingly increases which makes a very few marks to be able to fall under such category. The Lanham Act, 1946 of USA makes repute of a mark to be of paramount importance, in USA there is very clear demarcation between famous and well-known marks. For a mark to fall under the category of famous is sterner than compared to well-known marks. In USA whether a trademark is likely to blur the senior trademark or not can be decided by the judiciary by keeping these two factors in mind-

a- The degree of similarity between the senior and the junior mark
b- The degree of inherent or acquired distinctiveness of the famous mark

The Lanham Act, 1946 also defines the dilution of trademark by way of blurring and tarnishing under section 43(c)(2)(b) and (c) respectively.

The supreme court of USA in Moseley vs Secret Catalogue, Inc stated that there is need to show actual trademark dilution rather than showing the likelihood of dilution. To overturn this judgement the USA congress introduced the “Trademark Dilution Revision Act”. With the introduction of TDRA there was a substantial amount of change in the scope of anti-dilution statutes. TDRA has widened the proprietors of the intellectual property rights in 3 ways-

a) By lowering the burden of prove for dilution claims
b) By stating dilution by tarnishment in now an actionable claim
c) Both marks with inherent and acquired distinctiveness may now be subject to dilution claims.[12]

The TDRA have also made it clear that a "famous" trademark whether it has acquired distinctiveness or was inherently distinctive can be made subject to the claim of dilution but what is left for determination is the degree of distinctiveness. This Act clearly mentions about dilution by way of tarnishment and by way of blurring. If we have to claim dilution by way of blurring the plaintiff should have to prove two things, firstly a link must be established between the mark which is blurring and the mark which is being blurred and secondly the harm caused.

In India by the virtue of Trademarks Act, 1999 the requirements for becoming a well-known mark have been mentioned under section 11(6), which only demands knowledge, reputation and duration of its use. Section 11(8) of the Trademarks Act 1999 mentions that if any court or registrar in the country has determined a mark to be well-known in at least one relevant section of the public.

The section 11(8) limits the well-known mark's recognition among the general public to a certain section or class of people which deals with that class of goods and services. But the scenario in the USA is quite different, for a mark to be granted such wide protection under dilution it has acquire wide recognition among general public not just among a certain section or class but overall, the general consuming public. This criterion is really strict and not all the well-known marks are able or fulfil the requirements to fall under this category of "famous marks". There are only handful of marks which falls under this category, the scope of protecting the well-known marks or marks with trans-border reputation is very limited when it is weighed next to the scope of protection by the dilution theory.

Section 29(4) of the Trademarks Act, 1999 talks about dilution not expressly but by going through the language used in it.

There is no requirement set by these provisions to prove confusion while using a senior trademark on dissimilar goods and services without the authorization by the registered proprietor unlike other provisions of infringement.

[12]Deborah R. Gerhardt, 206, UNC School of law vol. 8 issue 2, Available at https://scholarship.law.unc.edu/cgi/viewcontent.cgi?article=1104&context=ncjolt#:~:text=The%20TDRA%20expanded%20trademark%20owners,dilution%20by%20tarnishment%20is%20actionable, accessed on 11/09/2022 at 15:15 p.m.

V-FAIR USE

The present trademarks Act 1999 there are provisions that expressly state that a "registered trademark" is profaned by any promoting or promotion of that recorded trademark "if such advertising is prejudicial to its distinctive character; or is against the name of the trademark". Therefore, primarily it implies that relative marketing and even use of any registered trademark is prohibited as per the higher than mentioned provisions. The section 29(4) of Trademarks Act,1999 curtails the right to do comparative or relative marketing as it according to the provisions will be detrimental to the reputation of the mark. The marks which weren't thought-about as infringing marks before the 1999 Act, are exempted from any infringement action. The inclusion of this provision is ambiguous and defeats the purpose of protection against dilution terribly.

It is submitted that the use of section 29(4) should be limited to well-known marks only and not to the marks which have reputation, as everyone will claim that their mark has reputation and take unfair advantage of it even in cases where there is no actual dilution. The problem here is that this provision does not require to prove any confusion but that is not the problem. An established brand may use this to establish its monopoly over the trademark in all the classes which might harm the other business owners. So, in order to do so the provisions in my opinion needs to be amended. [13]

VI-CHALLENGES-

We live in the internet age where we are just seconds away from each other and the information regarding anything which is in public domain can be easily be accessed by anyone with internet. This information age has increased the commercial value and the brands are now globally recognized. The uniqueness of their trademark has played a great role in the creation of brand value and the preservation of that uniqueness has a challenge by the unauthorized usage of the trademark.

When the Indian dilution law and US's dilution laws are compared with each other it can be seen that in case of US, the requirements for a trademark to be well-known are very strict as compared to the Indian version. The Indian law although directly does not mention about the dilution but it can be found in section 29(4) and section 11(2) of Trademarks Act, 1999. According to the Trademarks Act,1999 a trademark for the purpose of being well-known

[13] T.G. Agitha Available at JSTOR Vol. 50 No.3 https://www.jstor.org/stable/43952160, Pg no. 366 accessed on 07-10-2022 at 16:14

needs to be recognized in only one sector but in USA there should be "wide recognition among the general public" which is broader than the Indian requirement. If the dilution laws are implemented with the meagre requirement of Indian law for the well-known marks, then it could lead to dreadful outcomes. This will lead to the curtailment of rights of honest adopter of the trademark, whose trademark might be junior but is used in a class of goods and services where the senior mark has no reach or goodwill. So, to prevent this the requirement for mark to be well-known must be made much strict in order to implement dilution without affecting other's rights.

VII-CONCLUSION

The India parliament had enacted the Trademarks Act, 1999 which is the successor of Trademarks and Merchandise Act, 1958. The Trademarks and Merchandise Act,1958 neither directly nor indirectly mentioned about dilution of trademarks, before the enactment of its successor the judiciary played an important role in protecting the interests of the trademark's proprietors by stating dilution as a form of infringement of trademark owner's right. Even the new Act does not directly mention about dilution but section 29(4) of Trademarks Act mentions about a registered trademark being infringed when it is used without permission on dissimilar product and services. The analysis of the trademark dilution on the current laws provides us with an idea that the protection under the statute can only be granted to those trademarks which have a reputation of their own in the market, it does not mention a mark to be famous which is a requirement in the USA or a mark to be well-known. There can be seen a type of hostility between section 11(2) and section 29(4) which mentions about well-known trademark and mark with reputation respectively. This shows that the intent of the parliament to save a well-known mark from infringement is only at the stage of registration and not afterwards. Another point of difference between the Indian and USA's law is that Indian one does not allow advertising which is detrimental to its image which prohibits the comparative advertising but in USA the law allows the comparative advertising by taking the defence of fair use and lets the customer make comparison of goods and services and this requires an amendment to get the section work well together with each other

Since, the trademark dilution provides with such a vast protection its usage should be limited to the non-competing marks only as for other cases we have other traditional remedies under the trademarks law. It is also not necessary that every case related with the usage of identical trademarks on non-competing goods results in dilution and if in case the courts finds that the

application of dilution has to be used then it should also be seen that whether there is actual dilution or mere possibility of dilution. As not every time a reasonable purchaser would be confused by such usage of trademarks and preventing such usage in all cases would confer it rights like copyright Act.