

DOCTRINE OF TRADEMARK DILUTION: INDIAN APPROACH

AUTHORS – CHHAVI SINGH & ARPITA TRIPATHY, STUDENTS AT KIIT SCHOOL OF LAW, ODISHA

BEST CITATION – CHHAVI SINGH & ARPITA TRIPATHY, DOCTRINE OF TRADEMARK DILUTION: INDIAN APPROACH, INDIAN JOURNAL OF LEGAL REVIEW (IJLR), 4 (4) OF 2024, PG. 766-773, APIS – 3920 – 0001 & ISSN – 2583-2344.

ABSTRACT

The paper delves into the intricate realm of trademark dilution within the Indian legal landscape, meticulously examining its nuanced facets, potential stumbling blocks, and the overarching hurdles it faces. It embarks on this journey by elucidating the fundamental concept of trademarks, underlining their pivotal role in delineating brand identities and safeguarding intellectual property rights. This foundational understanding sets the stage for a deeper exploration into the notion of trademark dilution, which manifests itself primarily through two distinct yet intertwined forms: blurring and tarnishment. With this conceptual groundwork laid, the paper meticulously navigates through the legal framework governing trademark dilution in India, providing a panoramic view of its current status and regulatory mechanisms. This comprehensive analysis serves to illuminate the intricacies of trademark dilution laws in the Indian context, offering insights into their application and efficacy. However, amidst the elucidation of legal provisions and regulatory frameworks, the paper discerns pertinent issues and challenges that impede the effective implementation of trademark dilution laws in India. These may include ambiguities in legal interpretations, enforcement bottlenecks, or gaps in the legislative framework, which collectively pose formidable obstacles to the robust protection of trademarks against dilution. In conclusion, the paper underscores the imperative for continued scholarly inquiry and policy development in the realm of trademark dilution in India. By shedding light on existing lacunae and proposing avenues for refinement, it advocates for a proactive approach towards fortifying India's legal arsenal for trademark protection. Through concerted efforts aimed at addressing these challenges, India can fortify its position in the global market by ensuring the steadfast protection of valuable trademarks against dilution, thereby fostering innovation, safeguarding brand integrity, and bolstering consumer confidence.

Keywords: Trademark Dilution, Blurring, Tarnishment, Trade Marks Act, 1999, India, Enforcements, Challenges, Legislative framework

I. INTRODUCTION

The history of trademark application dates back thousands of years. Marking objects and commodities dates back to the earliest periods of human civilization. A trademark is essentially much more than just a source pointer, even though this is the most basic definition of one. A trademark just requires that the goods or services it is typically connected with or attached to originate from the same source or channels that have previously satisfied the user to some extent, without necessarily specifying the specific source or origin.

As a result, it is essential to developing a brand's image. Despite common misconception, a trademark serves as a tool for establishing the goodwill and reputation of its owner in addition to representing it. Since the mark is a marketing tool in and of itself, its ability to sell a product rests heavily on it. For this reason, it is crucial that the mark is distinctive and retains some degree of distinctiveness. It is reasonable to say that a trademark is an intangible asset that, like any tangible asset, has the potential to become an invaluable resource for any business or organization engaged in the production of goods and services. A trademark that includes original and invented phrases, names, or symbols can

serve as a label or brand in addition to serving as a source or origin for the producer. Customers are influenced in such a way by a well-known brand that it can have such an impact on their perceptions that associating it with a confusingly similar or dissimilar product can cause consumers to assume that the original mark's manufacturer is offering the same level of quality.

From an economic standpoint, a trademark can have a significant impact on a company's earnings since it serves as a useful medium for customer and manufacturer communication. With a single brand or symbol, trademarks can effectively convey all relevant intellectual elements as well as details about the company, its reputation, its products, and its services. Because of the aforementioned advantages, safeguarding a trademark from infringement has become crucial in today's global marketplace for innovation and technology.¹¹⁷ It goes without saying that a producer's trademark is encroached when it is used on goods or services that are similar to those of the original owner without authorization or permission, with the intention of confusing the consumer as to where the product or service originated.

II. CONCEPT OF TRADEMARK DILUTION

A producer's identity is embodied in their trademark. Such an identity turns into a brand and belongs to the class of well-known marks when it becomes worldwide and acquires widespread awareness. A well-known or well-known mark becomes diluted when it is violated. Dilution is the loss of exclusivity caused by infringement of a well-known trademark. This weakens the mark, eliminates its potential to stand alone, and makes it harder for consumers to distinguish it from the many other trademarks that are available on the international market.

It is not at all required to demonstrate the existence of confusion or deception or that the mark should be used on items that are

competitors in order to file a claim for dilution. Dilution frequently acts as a barrier to customers' ability to associate the well-known logo with a particular thought. We might conclude that this type of infringement quickly destroys the goodwill, reputation, and repute that the owner of a well-known mark has worked so hard to establish in the global market through ongoing financial, human, and labour investments. Dilution falls into two primary forms of infringement: dilution caused by tarnishing or blurring the well-known mark. Both lessen the distinctiveness of the well-known mark and lead to its decline. The two ideas are not the same, even though they both belong to the same category— dilution.

A. Dilution by Blurring: Blurring provides support for the definition of dilution, which refers to the "gradual disperse" of the well-known mark. When we refer to anything as blurry, we mean that it is not distinct or clear. We can understand this idea by using a hypothetical example. As it is in common knowledge that the well-known mark "DELL" is connected to laptops, but let's assume that DELL is connected to mattresses or shampoos. In these situations, the well-known brand "DELL" is linked to products that aren't directly competing with laptops, but the mark's exclusive association with the original owner's products is eliminated when it is used to identify the place of origin of other products. These days, when someone thinks of DELL, images of laptops as well as other products with a similar logo attached to them as a source recognizer instantly come to mind. Trademark blurring occurs when multiple third parties submit applications for, register, or use nearly identical or confusingly similar trademarks.¹¹⁸

B. Dilution by Tarnishment: When a trademark is used without permission on goods that could lead to a bad impression of the mark among consumers, harming the mark's

¹¹⁷ Michael Adams, The Dilution Solution: The History and Evolution of trademark Dilution (2002), De Paul University Library, <https://via.library.depaul.edu/cgi/viewcontent.cgi?article=1246&context=jatip> (last visited April 30, 2024).

¹¹⁸ Gopal Singh Rawat, TRADEMARK DILUTION AND ITS KEY CONCEPTS, Sagacious IP, <https://sagaciousresearch.com/blog/trademark-dilution-and-its-key-concepts/> (last visited May 10, 2024).

reputation, it is said to have been tarnished¹¹⁹. The original trademark has been applied to goods that are of worse quality than those bearing it, or it has been put on goods that might not be seen as dignified or that have offensive ideas or images on them. People begin to judge this negatively as a result.¹²⁰ For the owner, who built a reputation for excellence over the years by guaranteeing and delivering quality, this unfavourable association will be very harmful for the owners.

The well-known company Victoria's Secret instituted a dilution claim. Victor's Little Secret, a tiny store that sold lingerie, erotic novelties, and adult films, among other goods. This is a typical illustration of both diluting by tarnishment as well as blurring. Using the "VICTORIA'S SECRET" mark on an adult goods and obscene coffee cups are obviously damaging and diluting the original brand. While merely tying the mark to the defendant's products eliminates the singular association with the mark, which leads to a hazing effect in people's perceptions.¹²¹

III. TRADEMARK DILUTION IN INDIA

In simple terms, trademark dilution occurs when an unauthorized party uses a trademark in a manner that would tarnish or diminish the image of a well-known trademark. To strengthen trademark protection for goods and services and discourage the use of fraudulent marks, Parliament repealed the Trade and Merchandise Marks Act, 1958 and replaced it with the Trade Marks Act, 1999. Trademark dilution was established by the Trade Marks Act of 1999 (hereinafter The Act, 1999). The term "dilution" remains undefined in the Trade Marks Act of 1999.

¹¹⁹ Understanding the Trademark Tarnishment, Legal Zoom, <https://www.legalzoom.com/articles/understandingtrademark-tarnishment> (last visited May 10, 2024).

¹²⁰ Understanding the Trademark Tarnishment, Legal Zoom, <https://www.legalzoom.com/articles/understandingtrademark-tarnishment> (last visited Nov 30, 2023).

¹²¹ Jeffery Pietsch, TRADEMARK DILUTION AND SEX: VICTOR'S SECRET V. VICTORIA'S SECRET (2010), The IP Law Blog, <https://www.theiplawblog.com/2010/06/articles/trademark-law/trademark-dilutionand-sex-victors-secrets-v-victoriassecrets/#:~:text=The%20Colonel%20notified%20Victoria's%20Secret,Trademark%20Dilution%20Act%20of%201996> (last visited April 30, 2024).

However, Section 29(4) of the same act addresses the concept of trademark dilution.¹²²

This section stipulates that if a trademark holds a reputation in India, utilizing a mark identical or similar to it, even for goods or services that differ, constitutes infringement. Such usage, without justified reason, would unfairly exploit a well-known trademark or impair its distinctive character.

As per section 29(4) of The Trade Marks Act, trademark infringement in the form of dilution will occur only when the person uses the mark which is:

- A. Identical or similar to the registered trademark which already has a reputation in India and;
- B. Use is on different goods or services than those covered by the registration and;
- C. the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

Often, in cases of dilution of well-known trademarks, the question of deceptive similarity or element of deception may not be a necessary consideration. Dilution of a registered trademark arises when the use by the defendant is likely to be detrimental to the reputation and distinctive character of that mark.¹²³

The likelihood of confusion is the test that answers the question of whether the new user's use or reproduction of a trademark creates a likelihood of confusion among consumers as to the source of the new user's goods such that infringes the well-known user's rights.

Thus, the doctrine of dilution comes directly in contact with consumers. If such infringing mark is allowed to be used on products, which do not

¹²² Abanti Bose, THE CONCEPT OF DILUTION OF TRADEMARK (2021), iPleaders, <https://blog.iplayers.in/the-conceptof-dilution-of-trademark/> (last visited April 30, 2024).

¹²³ Manisha Singh, BMW CURBS THREAT OF TRADEMARK DILUTION FROM RICKSHAW - TRADEMARK - INDIA BMW CURBS THREAT OF TRADEMARK DILUTION FROM RICKSHAW, <https://www.mondaq.com/india/trademark/952814/bmw-curbs-threat-of-trademark-dilution-from-rickshaws> (last visited May 12, 2024).

originate from the true owner, the same may diminish the ability of that mark to identify the source of the goods, besides lowering its reputation in case their quality is not of expected standard.

Hence, the dilution of a trademark constitutes a facet of trademark infringement, wherein the proprietor of a renowned trademark holds the authority to hinder others from utilizing their mark on the basis that it diminishes its distinctiveness or tarnishes its reputation. Essentially, no entity possesses the privilege to imitate a well-known trademark or exploit its reputation. Rather, dilution protection seeks to safeguard sufficiently robust and well-established trademarks from forfeiting their exclusive association in the public consciousness with a specific product.

However, there exist certain conditions under which the infringing mark shall not be considered dilution. This includes situations wherein the mark is used to criticise, parody, news reporting, commentary, educational, and entertainment purposes. Such cases may fall under the ambit of descriptive or nominative fair use and hence, cannot be considered trademark dilution. In addition, advertising or promotional activities that allow consumers of a brand to compare goods or services are permitted and will not be actionable as trademark dilution.¹²⁴

When it comes to Forms of Trademark Dilution, there are two types of harm that arise from dilution, i.e. Blurring and Tarnishing. Dilution by blurring occurs the connection between the mark and the goods is blurred; when the distinctiveness of a popular trademark is impaired due to a trademark which is created by an unauthorized party. Or in other words, it takes place when a renowned mark's uniqueness has tampered for the reason that it becomes or is probable to become allied with a similar mark or trade name from a new and different source. As an example, if a company were to use the

'INSTAGRAM' mark on a water bottles, consumers might start associating the well-known INSTAGRAM brand with that water bottles. This could have a negative impact on Facebook's brand reputation. Conversely, dilution by tarnishment occurs when a person or business uses a mark without authorization in a manner that is offensive, inappropriate, or absurd. Typically, these unauthorized parties create infringing marks to convey beliefs or messages that contradict the core values of the original mark's owner. For instance, using the "WHOLE FOODS" mark to promote food items containing hydrogenated fats, artificial colors, and flavors could be seen as an instance of trademark dilution by tarnishment. Or let's say, if someone sells T-shirts with bigoted cartoons on them under the mark "Amazon," the use of "Amazon" on bigoted T-shirts might blemish the reputation of the web-retailer Amazon.¹²⁵

The Landmark case of ITC vs Philip Morris Products SA & Ors¹²⁶.

This case offers a comprehensive insight into the grounds for trademark dilution action in India. The High Court, citing Section 29(4) of the Trade Marks Act, 1999, established the essential criteria for a dilution claim, which are as follows:

- A. The contested mark is identical or similar to the well-known mark.
- B. The well-known or injured mark enjoys a reputation in India.
- C. The use of the contested mark lacks justified cause.
- D. The use of the contested mark unfairly exploits or harms the distinctive character or reputation of the registered trademark.

The utilization of the "Namaste" logo by ITC on its cigarette packaging led to ITC's defeat against Philip Morris. The High Court noted that not only did the use of the Namaste logo alongside the Welcome Group trademark contribute to this

¹²⁴ An overview on the concept of dilution of trademarks, KHURANA AND KHURANA, https://www.khuranaandkhurana.com/2021/10/06/an-overview-on-the-concept-of-dilution-of-trademarks/?utm_source=mondaq&utm_medium=syndication&utm_content=inarticlelink&utm_campaign=article (last visited May 31, 2024).

¹²⁵ Intepat Interns, TRADEMARK DILUTION IN INDIA: INTEPAT IP SERVICES PVT LTD INTEPAT IP (2022), <https://www.intepat.com/blog/trademark-dilution-india/> (last visited Dec 1, 2023). ⁹ 2010 SCC OnLine Del 27.

¹²⁶ 2010 SCC OnLine Del 27.

loss, but also the absence of such logo on the cigarette packs rendered ITC's claim of trademark dilution unsustainable.¹²⁷ The court noted that ITC had never utilized the mark on their cigarettes, and the reputation of the ITC mark couldn't extend to mid to high-priced cigarettes. Consequently, the cause of action for trademark dilution couldn't be sustained. A notable disparity exists between the judgments of Indian and US courts. In India, the court simply asserts that the marks should have a "reputation in India," whereas in the US, the mark must be notably famous or highly renowned. This underscores the need to differentiate between a "famous" mark and a mark with a "reputation." The rationale behind this lies in the inherently uncertain nature of diluted rights; thus, the standard of fame required to claim them must be considerably high. A mark lacking significant distinctiveness cannot undergo dilution.

In *Caterpillar Inc. vs Mehtab Ahmed And Ors*,¹²⁸ Plaintiff filed a suit for a permanent injunction against the defendant for selling various articles, including footwear, using the identical trademarks 'CAT' and 'CATERPILLAR'. The Delhi High Court decreed in favour of the Plaintiff and stated that "So far as the doctrine of dilution is concerned, it is an independent and distinct doctrine. The underlying object of this doctrine is that there is a presumption that the relevant customers start associating the mark or trademark with a new and different source. It smears or partially affects the descriptive link between the prior user's mark and its goods. In other words, the connection between the mark and the goods is blurred. It amounts to reducing the force or value of the trademark and 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 1969, the High Court of Bombay, in the case of **Sunder Parmanand Lalwani and others v Caltex**

(India) Ltd,¹²⁹ declared that using 'Caltex' for watches would lead to confusion among consumers. This is because consumers and the general public associated this mark with the well-known petrol and various oil products.

Similarly, in the case of **Daimler Benz Aktiengesellschaft v. Hybo Hindustan**,¹³⁰ the Delhi High Court addressed a matter involving dilution. While the court did not elaborate on the concept of dilution, it granted injunctive relief to the plaintiff. It ruled that 'Benz' is an internationally renowned mark symbolizing the highest quality engineered cars and representing a status symbol. Therefore, using the mark 'Benz' on underwear would undoubtedly dilute the prestige of the mark. Consequently, the court granted an injunction to the globally renowned German automaker against the use of the mark 'Benz' along with a 'three-pointed human being in a ring' by the defendants on the undergarments. This demonstrates how even in the absence of statutory requirements, Indian courts effectively protect well-known marks.

IV. ISSUES AND CHALLENGES OF TRADEMARK DILUTION IN INDIA

In today's era of globalization in trade and commerce, it has opened new opportunities for manufacturers and companies to gain a global reputation and recognition for their products. This opens opportunities for the owners to create a global reputation and gain recognition for their products or services. However, as a result of their widespread recognition, trademark owners must be able to prevent unauthorized use of their well-known marks by unknown third parties because the singularity associated with such a mark is what makes it a global brand that is easily identifiable by consumers.

Trademark dilution has the potential to harm the trademark owner. It is a complex and challenging issue due to a number of factors, which include the following:

A. Lack of clear definition: Trademark dilution is not defined specifically in the Trademarks Act,

¹²⁷ The concept of dilution of trademarks, LEGAL SERVICE INDIA - LAW, LAWYERS AND LEGAL RESOURCES, <https://www.legalserviceindia.com/legal/article-6314-the-concept-of-dilution-of-trademarks.html> (last visited May 16, 2024).

¹²⁸ 99 (2002) DLT 678.

¹²⁹ 1965 SCC OnLine Bom 151.

¹³⁰ AIR 1994 Delhi 239.

1999. However, Section 29(4) has a general rule that forbids using a mark that is the same as or similar to a well-known mark in connection with goods or services that are not similar. This lack of clarity has led to uncertainty about the scope of trademark dilution protection in India. Section 29 which expresses that a registered trademark having good will in India is encroached on account of utilization of an similar or dissimilar by an individual who utilizes it over the span of business, if such utilization is without due reason and “takes unfair advantage of” or is hindering the exclusivity or good will of the registered trademark.¹³¹ This section is very confusing because it tries to prevent other entities from using similar goods or services that are well-known or have a good reputation in India if such an act is done without the required permission, in order to gain an unfair advantage, or even with the intention of damaging the original product’s reputation in the marketplace. It is a general section and does not expressly state the trademark dilution and hence an appropriate rule or determining factor for well-known trademarks is required with a specific end goal to evade irregularity and vagueness and deal with cases relating to dilution more effectively.

B. Need for proof of damage: It is frequently difficult for trademark owners to demonstrate that their brand has been diluted. This is due to the fact that dilution is usually a gradual process that is challenging to measure. Additionally, the Trademarks Act, 1999 does not provide specific remedies for trademark dilution, such as injunctive relief or damages. Establishing trademark dilution usually requires proving that the unique characteristic or well-known of the original mark has been harmed by the illegal use of a mark that is similar to or identical to it. This can be challenging since there may be subjective components involved in proving dilution. For example, the amount, volume,

and geographic extent of sales of goods or services offered under the mark are not the same and have no standard rules. Generally, the more widespread the sales and the higher the sales figures, the more likely the mark is deemed to be famous. However, there are no bright-line rules; what is sufficient for a finding of a mark to be famous will vary from case to case.¹³²

C. Cross-border issues and emerging technologies: Trademark owners may have difficulties managing dilution issues that involve many jurisdictions in an increasingly global market. It can be challenging to manage international legal systems and coordinate legal activities across boundaries. It is difficult for trademark owners to monitor and protect their rights against unlawful use and dilution due to the vast nature and borderless of the digital space. The amount of content available on the internet and the possibility of anonymous or fraudulent behaviour can make it difficult to detect and enforce dilution in a proactive manner. Unauthorized usage of trademarks in AI generated content can confuse consumers, harm a brand’s reputation, and diminish a trademark’s uniqueness. In order to determine the liability of AI technology suppliers and content creators for trademark infringement or dilution, legal frameworks must be amended to accommodate particular challenges raised by AI-generated content. Also, with the rise of e-commerce and digital platforms, the challenges related to trademark dilution have evolved. Online brand infringement, domain name disputes, and cybersquatting pose new challenges that may require specific legal measures.

D. Scope and Interpretation: Due to the absence of a precise definition and a uniform judicial interpretation, trademark dilution presents substantial issues in India with regard to its scope and interpretation. Due to

¹³¹ The Trademark Act, 1999, India, s. 29(4).

¹³² Roberta Jacobs-Meadway, *Proving Fame for Trademark Dilution Claims*, <https://www.lexisnexis.com/community/insights/legal/practical-guidance-journal/b/pa/posts/proving-fame-fortrademark-dilution-claims>. (last visited June 05, 2024).

this ambiguity, trademark owners may become uncertain and may find it more difficult to prove or uphold dilution claims. The Indian courts have been gradually developing the doctrine of trademark dilution through their interpretations of Section 29(4). On the other hand, inconsistent judicial decisions create ambiguity regarding the extent of protection and the criteria necessary to establish dilution.

V. CONCLUSION

The study of the trademark dilution principle and current laws demonstrates that marks that are either well-known, famous, or have a certain level of consumer reputation are the only ones eligible for protection under statute. Trademark Dilution is not the same as traditional infringement because the owner has invested a significant amount of money and time to ensure that the mark meets the fame requirements and becomes a globally recognized brand that guarantees a certain level of quality to its customers. Because of this, such marks are easy to target, and unauthorized parties frequently attempt to use their reputation or status.

The Trademark Act of 1999 is a step forward in a conflict against infringement trademarks, and at the same time, the current Indian situation requires an alternative legal endorsement to combat trademark infringement. To ensure that the doctrine of trademark dilution becomes a more consistent, dependable, and independent form of claim and to eliminate the challenges and obstacles that are currently present in the current situation and laws, the following suggestions can be made and taken into consideration:

A. When we read sections 11 and 29 (4) of the Trademarks Act, 1999; it is abundantly clear that there is opposition between the two. This is justified by the fact that one discusses important imprints and the other concentrates on famous marks. The two provisions are in conflict with one another as a result which leads to discrepancies between the views expressed and the decisions made by the

courts. Additionally, a more in-depth examination of the two provisions reveals that Indian law continues to focus on "transborder reputation," with global marks typically being protected only by passing off. As a result, it is suggested that the term "well-known" should be used in place of "marks with reputation" in Section 29(4) to give these marks a wider recognition and a broader subject matter of protection.

B. Despite the fact that the determination of whether or not a trademark is well-known is based on sections 6, 7, and 9. Since the standards provided under these sections are subjective in character, the Court must provide clarification. This emphasizes the significance of a certain selection factor for well-known marks that might produce precise decisions while handling the occurrence of security against trademark dilution. Despite their widespread use, unregistered trademarks are not covered by the Act; it only offers protection for registered marks. Thus, in order to reduce the dependence on passing off standards, the present research proposes an amendment to the act that would provide protection to trademarks that have not been registered.

The regulation of trademark dilution is mostly due to the defensive cover of passing off, even if courts view section 29(4) as a remedy free of infringement action. For the provision to be a viable, it is necessary to address the above mentioned concerns and make it unambiguous. Trademark dilution should be openly welcomed under Indian brand name regulation. A different regulation may not be fundamental, amendments to the Trade Marks Act, 1999 ought to accomplish the same goal.

It is quite clear that Trademark legislation in India fall well short of providing an adequate framework for protecting brand names, particularly when it comes to trademark dilution,



unregistered brand names and trans-border reputation. A regulation incorporating the concept of dilution of well-known trademarks is necessary to increase consumer and company awareness, lessen trademark infringements, and guarantee customers receive high-quality items. Although the Trademark Act of 1999 is a positive step in combating trademark dilution, the current state of affairs in India demands the need for an amendment to the statute to anticipate trademark dilution and to comply with international security standards.

