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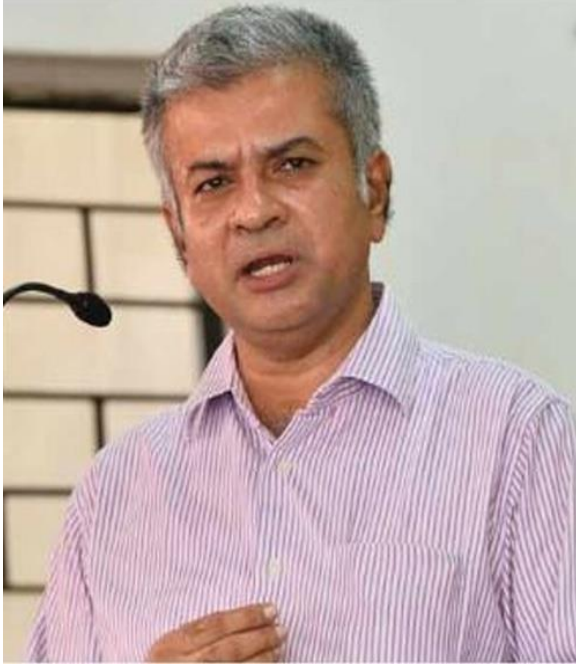
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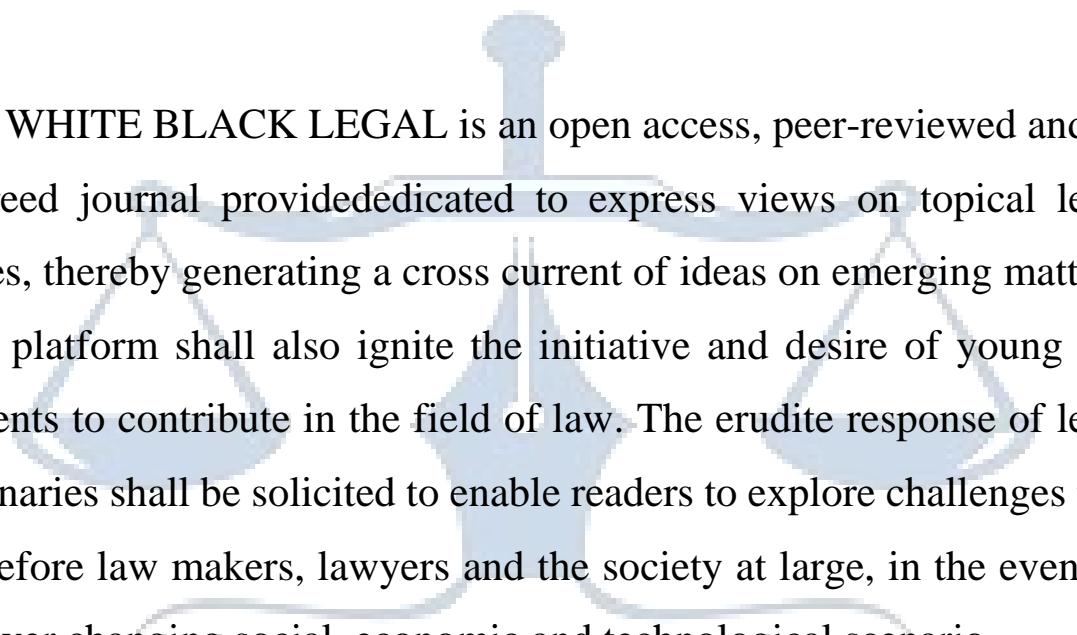
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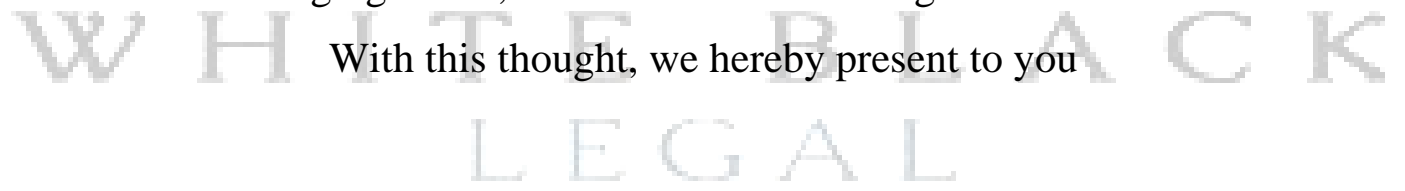
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With this thought, we hereby present to you



TRADEMARK DILUTION: THE EROSION OF DISTINCTIVENESS

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Abstract

Trademarks represent vital cornerstones of brand identity and market differentiation. While trademark infringement safeguards consumers from confusion and deception as well brand identity, the concept of dilution extends protection to the inherent distinctiveness and value of famous marks, even in the absence of direct competition. This paper explores the complex landscape of trademark dilution, uncovering its importance in shielding trademarks from potential dilution of their originality and distinctiveness. It delves into the legal foundations and protective measures associated with this concept.

Protected under intellectual property, a trademark distinguishes the goods or services of one enterprise, preventing confusion and deception in the marketplace while safeguarding the trade mark owner's business, goodwill, and brand loyalty against unauthorized use, emphasizing its critical role in today's globalizing market.

Trademark dilution is a concept that protects famous trademarks from unauthorized use that weakens their distinctiveness and value, even if there's no direct competition or likelihood of consumer confusion. Dilution refers to the lessening of the distinctive quality or uniqueness of a trademark due to unauthorized use by others. It occurs when a similar or identical mark is used in a way that weakens the association between the original trademark and the goods or services it represents. Trademark dilution, distinct from infringement, safeguards brand uniqueness without relying on the likelihood of confusion with another mark.

Keywords: Trademarks, trademark dilution, trademark infringement, originality, distinctiveness.

Introduction

Intellectual property refers to the property that is represented by a product or a process, which is based on creativity of human mind, intellect and creative ideas. An invention, original design, trademark, artwork, etc. can be one of those things. For a certain period, they grant the creator sole right to use his or her creations. In the course of time, new ideas, concepts and inventions have begun to shape society's progress. Due to the inherent and practical value of such new activities, they were acquired as intangible assets. A new form of ownership right has therefore been established which requires the protection of its owners. Intellectual property rights, commonly known as intellectual property rights, are a right of ownership in respect of these intangible assets. Trademark is one such type of intellectual property.

The TRIPs agreement under Part II, Article 15 (1) defines trademark as; “any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks.”

They are used to identify and protect words and design features that indicate the origin, owner, or developer of a product or service. They can include company logos, slogans, bands, or a product's brand name. A service mark, like a trademark, identifies and differentiates the source of a service rather than a product. The term trademark is frequently used to apply to both trademarks and service marks.

The definition for Trademark contains the following dimensions:

To begin with, a trademark is defined in substance: a sign. Which may include denominations, letters, numerals, combination of colors, or any combinations of these elements.

Second, it is defined by its function, for a sign to be recognized as trademark it has to be distinctive. Initially, trademark law aimed to protect consumers as a public policy. It protects the public from being misled about the origin and quality of items.

Third, when defined in a legal sense trademark is as type of industrial property. Trademark protection

grants the owner an exclusive right to use the signs to identify the goods or services produced or to authorize another party to use them in return of payment. The owner can be any physical or legal entity, (the majority of trademarks are owned by firms). Trademarks are defined as a combination of these different dimensions.

A brand's trademark helps consumers identify its source, not necessarily the specific manufacturer or seller. It establishes trust in a company, even if the consumer is not familiar with its name or location. This source identification relies on the trademark's ability to differentiate the product from competitors. By clearly distinguishing itself, the trademark fulfills its purpose of indicating origin.

Therefore, the functions of distinguishing and indicating source are inseparable. In practical terms, the trademark's key purpose can be simplified to "distinguishing the goods of one company from those of others," as stated in the WIPO Model Law.¹

Trademark Registration

Although using a trademark isn't dependent on registration, registering it offers significant advantages. Unregistered trademarks are vulnerable to imitation, potentially damaging a company's reputation and goodwill. Registration grants the legal right to stop others from using similar or identical marks, protecting consumers from confusion and ensuring the brand's legitimacy. Additionally, it empowers legal action against infringers and reduces the chance of trademark disputes. Finally, registered trademarks allow the use of the ® symbol, further strengthening brand identity.²

In their investigation, Flikkema, De Man, & Wolters identified four underlying motives for trademark registration.

The primary motivation involves leveraging existing firm assets, where trademarks are utilized to enhance the value of various assets such as the company's image, customer base, or negotiation power.

¹ World Intellectual Property Organization. Introduction to Trademark Law & Practice: The Basic Concepts: A WIPO Training Manual. 2nd ed. Geneva, Switzerland (1993).

² Goyal, S. (n.d.). Trademark Infringement. *Journal of Applicable Law & Jurisprudence, 1*(1). Retrieved from <https://calr.in/wp-content/uploads/2021/07/trademark-infringement.pdf>

The introduction of a new brand can contribute to the strengthening of these assets.

Another motive is to underscore the significance of product or market innovation, serving as a signaling device for both internal and external stakeholders.

The third motive aims to enhance the marketability of firm assets by marking them, signifying their value and facilitating their exploitation in the market as recognizable entities.

Additionally, trademark registration acts as a preventive measure against marketing imitation, making it more challenging for competitors to engage in direct imitation.

Lastly, a perspective on trademarking as a reflection of changing management practices is noted, described as "the management fad" view by Greenhalgh & Rogers. This view suggests that the increased use of trademarks may be driven by evolving management approaches and a tendency for managers to imitate their rivals' activities, rather than inherent value relevance for trademarks themselves. Such a viewpoint raises concerns about the potential for reverse causation, wherein managers of highly productive firms may possess more discretionary funds and allocate some of these resources to emulate the latest management trend.³

Functions of Trademark

Beyond its legal foundation of indicating origin and distinguishing products, a trademark offers several additional benefits for both consumers and brand owners:

- i. Consumers often associate a brand's trademark with consistent quality. This "guarantee function" encourages repeat purchases by building trust in the product's reliability. However, trademark law itself doesn't guarantee quality. If a consumer encounters inconsistent quality, they may need to rely on unfair competition or consumer protection laws, not trademark law.

³ New trademark registration as an indicator of innovation: Results of an explorative study of Benelux trademark data. (n.d.). Retrieved from ResearchGate website: https://www.researchgate.net/publication/254405907_New_trademark_registration_as_an_indicator_of_innovation_results_of_an_explorative_study_of_Benelux_trademark_data/figures?lo=1&utm_source=google&utm_medium=organic

- ii. Trademarks extend beyond the physical product to serve as communication tools. Brand owners use them in advertising to connect with consumers, build brand awareness, and convey specific messages about their offerings.
- iii. A well-established trademark, through its built-up reputation, can become a valuable asset for the owner. This "economic function" allows them to leverage the brand in various ways, such as:
 - a. Granting permission for another company to use the trademark for a fee.
 - b. Allowing others to operate businesses using the trademark and established brand identity.
 - c. Utilizing the trademark for various marketing and promotional activities to generate revenue.

It is important to remember that trademark law primarily focuses on protecting the origin-indicating and distinguishing functions. While the economic benefits are significant, they aren't directly protected and depend heavily on how the owner utilizes the trademark. This is especially true for quality assurance.



Trademark Infringement

Trademark Infringement is a legal term that denotes the unauthorized utilization of a trademark. This transpires when an individual employs a trademark without the owner's permission, leading to potential confusion among customers regarding the origin, sponsorship, or affiliation of products or services.

Trademark infringement is considered a violation of the law, falling under the category of unfair competition. As it poses a threat to businesses, causing potential significant losses. In the event of trademark infringement, a trademark owner has the right to pursue legal action seeking damages and other remedies. This legal recourse aims to address any infringement that may lead to financial losses or damage to the owner's brand.

Infringement of trademark involves a breach of the rights owned by the trademark holder, preventing others from using identical or similar marks on comparable goods. This type of infringement is a subset of intellectual property infringement, manifesting when a party uses a trademark owned by another in a way likely to confuse consumers. Such confusion may result in consumers mistakenly

believing that the unauthorized product or service is associated with or endorsed by the legitimate trademark owner.

As per Section 27(1) of the Trademarks Act, 1999, an individual possesses the right to initiate legal proceedings aimed at preventing or seeking damages for the infringement of a registered trademark. Infringement transpires when an entity utilizes a trademark that is identical or deceptively similar to a registered trademark for comparable goods or services, leading to confusion among the public. The authority to instigate an infringement action against the accused is conferred by Section 28 of the Trademarks Act, 1999, which emphasizes that trademark registration endows the owner with an exclusive right to use the trademark concerning the registered goods and services, allowing them to pursue remedies for trademark infringement.

Typically, claims related to trademark infringement revolve around factors like the likelihood of confusion, deceptive marks, identical marks, and dilution of marks. Likelihood of confusion emerges when consumers are prone to be confused or misled by the usage of marks by two different entities. To substantiate a claim, the plaintiff must illustrate that the similarity of the marks is likely to cause confusion among a considerable number of consumers regarding the origin of products bearing these marks. In contrast, dilution is a concept in trademark law that prohibits the use of a famous trademark in a manner that diminishes its distinctiveness. In many instances, trademark dilution involves the unauthorized application of another party's trademark on products that are unrelated and do not compete with those of the trademark owner. For instance, if a well-known trademark is used by one company for hair care products, dilution might occur if another company starts using a similar mark for unrelated items like breakfast cereals or spark plugs.⁴

Criteria for infringement: Section 29 of the Trademarks Act, 1999 addresses infringement, and the components of Section 29(1) include:

1. The plaintiff's mark is registered.
2. The defendant's mark is identical to or deceptively similar to the plaintiff's registered mark.
3. The defendant has incorporated an essential feature of the mark or has taken the entire mark,

⁴ Laskar, M. E. (2013). Passing Off and Infringement of Trademarks - India. SSRN Electronic Journal. DOI: 10.2139/ssrn.2410451. Retrieved from <https://www.researchgate.net/publication/261181560> [Passing Off and Infringement of Trademarks - India](#)

making a few additions and alterations.

Trademark Dilution

The Concept of Trademark Dilution centers on the role of a trademark as the distinctive identity of a producer. When this identity achieves global recognition and universal acclaim, it transforms into a brand, falling into the category of well-known marks. However, the infringement of a famous or well-known mark results in dilution, a process where the exclusivity of the mark is compromised.

Dilution leads to the erosion of the mark's distinctiveness and exhausts its ability to stand alone and be easily recognized amid a multitude of trademarks in the global market. Initiating legal action for dilution doesn't necessarily require the demonstration of confusion or deception, nor is it mandatory to prove that the mark is used on competing goods. Often, dilution acts as a barrier for consumers, hindering them from forming a singular association with the famous mark.

This form of infringement poses a significant challenge, as it can diminish the reputation, fame, and goodwill painstakingly built by the owner of the well-known mark in the universal market through continuous investments in capital, manpower, and time.⁵

Dilution encompasses two primary forms of infringement: dilution by blurring and tarnishment. Both contribute to the diminishing distinctiveness of a well-known mark. Despite falling under the umbrella of dilution, these concepts differ significantly.

1. Dilution by Blurring:

Dilution by blurring refers to the gradual dispersion of the famous mark, as described by Schechter. In essence, blurring makes the mark unclear or less distinct. Consider the hypothetical example of associating the renowned mark "DELL," known for laptops, with unrelated products like shampoos or mattresses. While these products may not directly compete with laptops, using the same mark for non-original goods weakens the singular association consumers have with the mark, creating a mental link beyond its original product category.

⁵ Ghose, A., & Ali, S. M. A. (2020). Dynamics of Trademark Dilution: Issues and Challenges in India and USA. Kathmandu School of Law Review (KSLR), 8(2), 16-34. <https://doi.org/10.46985/kslr.v8i2.2150>

2. Dilution by Tarnishment:

Tarnishment occurs when a third party uses the mark without authorization on products that may create a negative perception in consumers' minds, thereby damaging the mark's reputation. Unlike blurring, tarnishment requires demonstrating that the original mark has been applied to products of substandard quality or those considered undignified, objectionable, or having negative associations. This negative judgment can be detrimental to the global reputation of the mark, built on quality assurance over the years.

In a noteworthy case, the renowned brand Victoria's Secret⁶ filed a dilution suit against a small shop named Victor's Little Secret, which sold adult videos, novelties, and lingerie. This case exemplifies both dilution by blurring and tarnishment. The use of the 'VICTORIA'S SECRET' mark on adult products and vulgar items degrades and tarnishes the original mark. Additionally, simply associating the mark with the defendant's products diminishes its singular association, causing a blurring effect in consumers' minds.

In the case of NEO Foods Pvt. Ltd. v. NEO Milk Products Pvt. Ltd.⁷, the plaintiff, who owned the trademark 'NEO' registered under class 29 for products like pickles, gherkins, pickled jalapenos, preserved vegetables, and fruits, faced a challenge from the defendant using the same mark for milk products. The plaintiff successfully demonstrated that its products had been present in the market since 2007, establishing a substantial reputation in India. Despite not requiring proof of deception and confusion under section 29(4), the court found that the defendant's use of the mark NEO for milk products could dilute the distinctive character of the plaintiff's trademark. Additionally, there was a likelihood that stores selling the plaintiff's goods might also carry the defendant's products, leading an average consumer to associate the defendant's products with the plaintiff.

Section 29(4) of the Trademark Act⁸ stipulates that the infringement of a registered trademark occurs when specific conditions are collectively met. These conditions include the mark being either identical to or resembling the registered trademark, its use being associated with dissimilar goods,

⁶ V Secret Catalogue, Inc. v. Moseley, 2001, 6th Circuit, 259 F.3d 464, p. 466.

⁷ NEO Foods Pvt. Ltd. v. Carlsberg India Pvt. Ltd., 2011 (48) PTC 1 (Del) v. NEO Milk Products Pvt. Ltd., 2014 (57) PTC 206 (Del), p. 16.

⁸ The Trademarks Act, 1999

and the mark having a reputation. Furthermore, the distinctive nature of the trademark should be exploited without just cause, leading to unfair advantage or detriment. For a trademark to fall under this provision, it must possess a high level of reputation, be well-known, or be considered a famous trademark. The distinctiveness of the mark should be either inherent or acquired due to its reputation. Section 29(4) of the Trade Marks Act, 1999 addresses the concept of trademark dilution. Nevertheless, the Act does not provide a specific definition for the term 'dilution.'

Section 29(4) of the Trademarks Act extends protection to dissimilar goods and services based on the 'doctrine of dilution.' Dilution constitutes a violation of a trademark wherein the defendant's use, even without causing confusion, diminishes the distinctiveness or tarnishes the image of the plaintiff's mark. Trademark dilution manifests in two primary forms: blurring and tarnishment.

Consider the example of the names "Coca-Cola" and "Coke" along with the distinctive shape of the glass bottles commonly associated with the beverage. Both the names and the bottle shape represent trademarks. If a different company markets its cola as "Coca-Cola," it might lead to consumer confusion, constituting infringement. Alternatively, if another company sells "Sugary Cola" in bottles resembling those of Coke, it could weaken the distinctiveness of the characteristic curved bottles (blurring). Similarly, if a third company labels whiskey as "Coca-Cola Whiskey," it may tarnish the reputation associated with the name "Coca-Cola."

Protecting trademarks involves preventing the weakening or dilution of their significance. When a subsequent user adopts a similar or nearly identical mark for the same goods, it not only diminishes the value of the prior user's trademark but can ultimately result in the dilution of the mark itself. Such encroachment by a subsequent user amounts to a form of commercial invasion. In this context, dilution or weakening of a trademark doesn't necessarily require an element of confusion.⁹

In the case of *Caterpillar Inc. v. Mehtab Ahmed*, the Delhi High Court ruled "concerning the doctrine of dilution, it stands as an independent and distinct principle. The fundamental aim of this doctrine is based on the presumption that relevant customers begin associating the mark or trademark with a new and different source. This leads to smearing or partially affecting the descriptive connection between the mark of the prior user and its goods. In simpler terms, the correlation between the mark and the goods becomes blurred. This not only diminishes the strength or value of the trademark but also

⁹ Ahuja, V. K. (2017). *Law Relating to Intellectual Property Rights* (3rd ed.). Lexis Nexis. (p. 337).

gradually erodes the commercial worth of the mark, bit by bit. Such a form of dilution is deemed unfair and goes against the expected practices in trade and commerce.”¹⁰

Distinguishing Between Infringement and Dilution

While trademark infringement and dilution share the overarching goal of safeguarding a brand's identity, they are governed by distinct legal principles, each serving a unique purpose. The following highlights key disparities between these two concepts:

1. Likelihood of Confusion:

- Trademark Infringement hinges on demonstrating the "likelihood of confusion" among consumers. Conversely, Trademark Dilution does not necessitate proving such confusion, making it applicable even in the absence of direct competition or consumer bewilderment.

2. Protection of Famous Marks:

- Dilution laws exclusively shield "famous marks," whereas infringement laws extend protection to trademarks irrespective of their level of fame.

3. Legal Remedies:

- In cases of infringement, the trademark owner can pursue both injunctive relief and monetary damages. In dilution cases, the primary focus is typically on securing injunctive relief, although damages may be awarded in instances of deliberate misconduct.

4. Scope of Goods or Services:

- Infringement typically revolves around similar or related goods or services, while dilution can manifest across diverse industries and categories.

5. Intent Considerations:

¹⁰ Caterpillar Inc. v. Mehtab Ahmed. (2002). 25 PTC 438. Delhi.

- In infringement cases, the courts often assess the intent of the infringing party. In dilution cases, the relevance of intent is generally diminished unless there is evidence of deliberate tarnishment.

6. Defensive Strategies:

- Both infringement and dilution claims may be defended by asserting the actions as free speech or fair competition. In dilution cases, defenses may also include justifications such as the use of the mark for parody or commentary.

Understanding these distinctions is crucial for navigating the legal landscape surrounding trademark protection and enforcement.¹¹



Evolution of Trademark Dilution

The concept of trademark dilution theory is often credited to Frank I. Schechter, the trademark counsel for the BVD undergarments manufacturer. In his 1927 article, "The Rational Basis of Trademark Protection," published in the Harvard Law Review, Schechter introduced the idea of dilution to the legal and academic realms.

Schechter strongly criticized the state of early trademark law and proposed that the preservation of a trademark's uniqueness should be the only rational basis for its protection. He argued that protecting trade identity involves not just preventing public deception but also safeguarding the originality and uniqueness of the trademark owner. Schechter expressed concern that allowing various uses of similar marks, such as Rolls-Royce Restaurants, Rolls-Royce Cafeterias, Rolls-Royce Pants, and Rolls-Royce Candy, would lead to the loss of the Rolls-Royce mark's uniqueness over time.

While Schechter is often referred to as the father of dilution, the concept itself is believed to have originated in Germany in a case involving the mark "Odel" for mouthwashes, leading to the cancellation of the identical mark for steel products. The court, recognizing the concept of dilution, held that the complainant's ability to compete with other mouthwash manufacturers would be impaired if the significance of its mark was lessened.

¹¹ Gilchrist, B. (2024, February 2). What Is Trademark Dilution and How Different Is It From Trademark Infringement? Allen, Dyer, Doppelt + Gilchrist, P.A. Retrieved from <https://allendyer.com/what-is-trademark-dilution-and-how-different-is-it-from-trademark-infringement/>

Simultaneously, courts in the UK and the USA began to reconsider their rigid views regarding unrelated products or services, supporting the protection of famous or well-known marks on non-competing goods. For example, in *Vogue Co. v. Thompson-Hudson Co.*¹², the US Court of Appeals for the Sixth Circuit granted an injunction to the publisher of Vogue fashion magazine against the use of V-GIRL and V marks for hats. Similarly, in the UK, Harrods Limited obtained an injunction against R. Harrold Limited for offering money lending services under the HARRODS mark¹³.

By the late nineteenth century, there were instances in the UK, such as the Eastman Kodak Company obtaining an injunction against the use of the KODAK mark on bicycles in 1898¹⁴. As technological and industrial developments occurred worldwide, courts recognized the need to adapt their rigid views to protect trademark owners' rights, even in unrelated goods or services. Consequently, the Doctrine of Dilution gained judicial recognition, although statutory acknowledgment came later.

The legal foundation for the Doctrine of Dilution in the United States is firmly established through federal legislation, primarily the Federal Trademark Dilution Act (FTDA) of 1995 and its successor, the Trademark Dilution Revision Act (TDRA), 2006.

Enacted in 1995, the FTDA marked a significant step in addressing the dilution of trademarks. Its primary goal was to safeguard the distinctive quality of famous trademarks by prohibiting unauthorized uses that could blur or tarnish their uniqueness. By introducing a cause of action for owners of famous marks, the FTDA enabled them to seek injunctive relief and damages against actions causing dilution.

Building upon the FTDA, the TDRA, enacted in 2006, sought to address shortcomings and provide further clarity to the provisions of its predecessor. The TDRA refined the requirements for establishing a claim for dilution and extended protection to both famous and distinctive marks. This expansion addressed concerns raised by courts and stakeholders, ensuring a more robust legal framework for combating trademark dilution.

¹² *Vogue Co. v. Thompson-Hudson Co.* 300 F. 509 (6th Cir. 1924).

¹³ *Harrods Ltd. v. R. Harrod Ltd.* (1924) 41 R.P.C. 74

¹⁴ *Eastman Photographic Materials Co. v. John Griffiths Cycle Corp.*, 15 R.P.C. 105 (Ch. D. 1898).

These federal acts collectively define the necessary elements for establishing a dilution claim. Key components include demonstrating the fame of the mark, establishing an association with the defendant's goods or services, and showcasing the likelihood of dilution.

The recognition and protection afforded by the Doctrine of Dilution under these statutes are crucial for preserving the unique and distinctive qualities of famous trademarks. This legal framework acknowledges that dilution, even in the absence of likelihood of confusion, can erode the intrinsic value and reputation of a well-known mark over time.

The doctrine of trademark dilution raises debates across economic, social, and political spheres.

Economically, dilution can incentivize brand building, leading to stronger brands that attract customers and command higher prices. However, overly broad dilution claims could stifle competition by making it harder for newcomers to use similar marks.

Socially, dilution protects consumers from misleading imitations and ensures they get the genuine product. However, broad dilution rights could limit consumer choice by restricting access to similar, non-infringing products.

Politically, balancing brand protection and competition is a key challenge. Dilution law aims to achieve this, but concerns exist about powerful corporations lobbying for stronger laws that give them an unfair advantage.

Traditionally, trademarks identified product source and ensured quality. Today, advertising focuses on creating brand image and "commercial magnetism." This shift has led to a demand for wider trademark protection.

Arguments against dilution center on it exceeding confusion prevention, potentially granting trademark owners a right of publicity, and protecting "commercial magnetism" beyond quality assurance. Merchandising rights based on dilution could detach trademarks from the products they represent.

Arguments for dilution highlight how consumers value brand image and that dilution weakens this value. It also prevents competitors from "free-riding" on the reputation built by others.

Finding the balance is key. While dilution has merit, overly broad application harms competition. The focus should be on preventing confusion from misleading imitations, not limiting competition based solely on brand image.

In conclusion, the doctrine of dilution is a complex issue with significant economic, social, and political implications. Striking a balance between protecting strong brands and fostering competition is crucial for a healthy market.¹⁵

Introduction to Dilution in India

Before the enactment of the Trademarks Act 1999, Indian courts faced a significant challenge in addressing the issue of dilution within the trademark legal framework. The preceding statute, the Trade and Merchandise Marks Act 1958, lacked provisions necessary to deal with the complexities of dilution. Although the Indian courts acknowledged the concept of dilution as early as the 1990s, there was a noticeable absence of in-depth analysis of this doctrine in their judgments.

A pivotal case in this context was 'Daimler Benz Aktiengesellschaft v. Hybo Hindustan',¹⁶ where, for the first time, the defendant was restrained from using the plaintiff's mark. Notably, the concept of likelihood of confusion or deception was not explicitly invoked in the case. While the term "dilution" was not expressly used in the judgment, the court prohibited the defendant from using the mark BENZ on undergarments, emphasizing the potential dilution of the brand.

In this groundbreaking case, the court primarily focused on the unfairness of allowing the use of the mark, and the judgment did not delve into a detailed examination of dilution or its related principles. The court emphasized the exceptional status of the brand Benz, stating that it is "not up for grabs" and has global recognition, particularly in connection with cars and its symbol, a three-pointed star.

¹⁵ Agitha, T. G. (2008). Trademark Dilution - The Indian Approach. Journal of Indian Law Institute, 50(3), 339. Retrieved from: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1793842

¹⁶ Daimler Benz v. Hybo Hindustan, Delhi High Court, India, 1994 A.I.R. 239, p. 239

Despite being the first case to apply the principle of dilution, the judgment primarily concentrated on the unfairness of using the mark rather than conducting a comprehensive analysis of dilution principles. The court highlighted the need to protect the renowned Benz brand from unauthorized use on unrelated products.

Upon analyzing these early cases, it becomes evident that, before the establishment of the Trademarks Act 1999, Indian courts often equated the common law remedy of passing off with findings of dilution as an unfair competitive practice. The courts grappled with the distinction between infringement, passing off, and trademark dilution. The concept of dilution was crafted by Indian courts, considering internationally recognized benchmarks for protecting famous marks whose misuse, in connection with unrelated products or services, could "dilute" their distinctiveness.

When addressing the concept of trademark dilution in India, Section 29(4) of the Trademarks Act 1999 becomes a focal point. Introduced with the aim of introducing and establishing the notion of trademark dilution in India, Section 29(4) can be likened to Section 10(3) of the United Kingdom's Trade Marks Act of 1994.

The primary objective of dilution as a form of infringement under Section 29(4) is to afford broader protection to well-known trademarks without the requirement of a 'likelihood of confusion.' Instead, protection extends to dissimilar products, and the 'probability of confusion' test is not explicitly stipulated in this section.

It is crucial to note that the jurisprudence surrounding Section 29(4) of the Trademarks Act, 1999 is still evolving, with few cases reaching the courts to date. The structure of Section 29(4) conveys the legislative intent regarding the criteria to determine trademark dilution concerning disparate products. However, despite clear statutory guidelines, the judiciary continues to render decisions with a flawed understanding of the concept of trademark dilution.

To illustrate how the court decisions were based on a flawed understanding of the dilution theory, the case of "Hamdard National Foundation v. Abdul Jalil"¹⁷ is pertinent for analysis. In this case, the

¹⁷ Hamdard National Foundation v. Abdul Jalil, High Court of Delhi, India, IA 7385/2004 IN CS(OS) 1240/2004

court decided on a faulty understanding, asserting that trademark infringement for non-competitive goods required a "likelihood of deception." However, Section 29(4) does not necessitate proof of deceptive resemblance, and reliance on the definition of "deceptive similarity" under Section 2(1)(h) was misplaced.

In "Ford Motor Co. v. C.R. Borman,"¹⁸ a case involving the infringement of the mark 'FORD,' the court clarified that Section 29(4) is an exception applicable only to marks with a reputation in India. Consequently, the plaintiff does not need to demonstrate the defendant's deception or the likelihood of consumer deception due to the application of the trademark in question.

While this case adhered to the language of Section 29(4) of the Act of 1999, providing clarity on the issue of trademark dilution, its authoritative value was limited as the merits of the case were scarcely examined by the court.

Current Challenges in Trademark Dilution in India

The current era is marked by a significant surge in globalization, providing manufacturers with opportunities for global recognition. This globalization in trade and commerce has necessitated the protection of highly reputed marks from unauthorized use to prevent dilution. The distinctiveness associated with such marks contributes to their global brand identity, easily recognizable by consumers. Despite the recognition of dilution as a distinct form of infringement and the subsequent enactment of anti-dilution laws, persistent issues continue to surface.

While the concept of dilution is not explicitly outlined in Indian or international laws, the statutory requirements in India and the TRIPs agreement do not mandate the mark to be publicly recognized. Additionally, the reputation requirement is less stringent than that in the US laws. Both the Indian Trademark Act and TRIPs provisions emphasize acknowledgment and goodwill within the relevant societal group. However, the scope of recognition among the relevant public in India is narrower compared to the broader requirement of "wide recognition among the general consuming public" in the US.

The Indian scenario is particularly complex due to the lenient criteria for recognition among the

¹⁸ Ford Motor Co. v. C.R. Borman, High Court of Delhi, India, 2008, (38) PTC 76, p. 77

relevant sector of society, as defined in Indian laws. The legislative framework, along with the WIPO/Paris Union Joint Recommendation, states that for a mark to be considered famous in India, it should be acknowledged in at least one sector of the public, further restricting the recognition scope. This, in turn, weakens the protective measures needed to defend a mark under dilution principles.

Examining the provisions of the Trademark Act, 1999, it is evident that the scope of protection for well-known marks or those with worldwide reputation is limited in comparison to the criteria outlined under dilution principles. Section 29(4) of the Act, dealing with trademark dilution, lacks clarity and introduces confusion by attempting to prevent unauthorized use of marks with goodwill in India, without requiring confusion.

Moreover, Section 2(1) (zg) of the Act provides a vague definition of a well-known mark, lacking clarity on the determining factors for such recognition. This ambiguity has led to inconsistencies in court interpretations, necessitating a clear rule or determining factor for well-known trademarks to avoid irregularities and uncertainties.

The vagueness in defining well-known trademarks has also impeded the effective implementation of Section 1158. Despite reference to Subsections 6, 7, and 9 in determining well-known status, the subjective nature of the rules and court interpretation calls for proper regulation to establish criteria for well-known marks. Such regulation would prove instrumental in handling cases related to the principle of dilution.¹⁹

Conclusion

In conclusion, the landscape of trademark dilution in India presents several challenges and nuances that require careful consideration. The era of increased globalization has heightened the importance of protecting highly reputed marks from dilution, ensuring their distinctive identity in the global market. However, the current legal framework in India, particularly under the Trademark Act of 1999, faces certain inadequacies and ambiguities when it comes to addressing the complexities of trademark dilution.

¹⁹ Ghose, Anuttama, & Ali, S.M. Aamir. (2020). Dynamics of Trademark Dilution: Issues and Challenges in India and USA. Kathmandu School of Law Review (KSLR), 8(2), 16-34. <https://doi.org/10.46985/kslr.v8i2.2150>

The statutory requirements for recognizing well-known marks in India, as outlined in Section 2(1) (zg) of the Act, lack specificity, leading to varied court interpretations and potential inconsistencies. The criteria for acknowledgment and goodwill, while relatively liberal, may not provide the robust protection needed to prevent dilution effectively. Section 29(4) attempts to address trademark dilution but introduces confusion by not explicitly requiring a likelihood of confusion, as seen in other infringement sections.

The recent globalization trends demand a comprehensive and clear legal framework to safeguard against dilution effectively. The need for a distinct regulation or determining factor for well-known marks becomes evident to overcome the vagueness present in the current legal provisions. Additionally, addressing the challenges posed by dilution requires aligning legal definitions with the evolving dynamics of global trade and consumer behavior.

To fortify the principles of trademark dilution in India, legislative amendments and clearer guidelines are essential. Striking a balance between protecting intellectual property rights and fostering healthy competition remains a key challenge. As India continues to integrate into the global market, refining its approach to trademark dilution will be crucial for promoting innovation, ensuring fair competition, and upholding the integrity of well-established brands. In this evolving landscape, adapting legal frameworks to meet the demands of a globalized economy will contribute to the effective management of trademark dilution challenges in India.

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