

TRADEMARK DILUTION: A COMPARATIVE STUDY BETWEEN INDIA & UNITED STATES

Prateek Gupta*

Abstract

Trademark is generally identified as a mark, symbol, design or an expression which is used to distinguish a product or a service from the products or services available in the market and to create a unique identity for these products or services. Trademarks can be displayed in various ways such as label of the product or even the building owned by the owner of the trademark. For Example, tick label by Nike, the Apple trademark, etc.

Dilution occurs when someone uses a famous mark in a way that reduces the value of the mark. In other words, dilution weakens the capacity of a famous mark to identify and differentiate goods or services, regardless of the competition between the owner of the famous mark and other parties, and Likelihood of confusion, mistake, or deception. Dilution is therefore different from trademark infringement, because trademark infringement always involves a possibility of customer confusion, whereas dilution can occur even if customers wouldn't be misled. For example, if a person sells Wooden Window base named "Microsoft," no consumer is likely to associate this product with the software company, Microsoft. However, because Microsoft has become such a strong and famous mark, the use of the word on Wooden Window base would definitely underestimate the software company's mark.

This paper is aimed to analysis the trademark dilution doctrine and its applicability in India and United States of America. Section 2 of the paper will briefly discuss about the History and development of the doctrine of Dilution of Trademark, Section 3 will discuss the Dilution in India and America, and Section 4 will focus on the Comparison between India and America's approach to Dilution.

Keywords: Trademark, Dilution of Trademark, confusion, India, USA

* Student-LL.M. @ O.P. Jindal Global University, Sonipat (Haryana); Email: prateek16081993@gmail.com
Contact: +919214422100

INTRODUCTION

History and Development of Dilution

It is believed that the Doctrine of Trademark Dilution was first time used by the German Court in 1925 where the manufacturer of a mouthwash “Odol” was able to restrain a railroad and steel company to use the same mark. Whereas some believes that the Doctrine was developed in England in 1898 in the case of *Eastman Photographic Material Co. v. John Griffiths Cycle Corp.*¹ in which the court refused to allow the bicycle company to use ‘Kodak’ name for their bicycles, even though they do not compete with each other in the market. This case, also known as the Kodak doctrine, was the first important shift from traditional trademark protection.²

However, it was Frank Schechter who actually came up with the concept of trademark dilution in his paper *The Rational Basis of Trademark Protection*³ in 1927. It was a turning point as Dilution was a concept which did not protect the rights of the consumers. According to Schechter, the main purpose of a trademark is to identify a product as satisfactory and thereby to stimulate further purchases by the consuming public, he rejected the theory that the exclusive role of a trademark was to serve as a source identifier and claimed that injury occurs to a trademark owner whenever a trademark is used by another, even when used on non-competing goods.⁴

According to Schechter, injury for the owner of the trademark happens when there was a thinning out of identity and control on the consumer public perspective of the trademark through the use of the trademark on non-competing products or services⁵. This was especially the case according to the author where the mark could be regarded as being distinctive and thus the need for there to be deeper and strong protective measures upon such a mark to

¹ 15 RPC 105 (High Ct. Of Justice, Ch. 1898)

² Brajendu Bhaskar, “Trademarks Dilution Doctrine: The Scenario Post TRDA, 2005” 1 NUJS L. Rev. 640 (2008)

³ Frank I. Schechter “Rational Basis of Trademark Protection” 40(6) Harv. L. Rev. 813 (1927) available at: <http://www.jstor.org/discover/10.2307/1330367?Uid=3738256&uid=2129&uid=2&uid=70&uid=4&sid=21100737655691>> Accessed on 19th October, 2016

⁴ Frank I. Schechter “Rational Basis of Trademark Protection” 40(6) Harv. L. Rev. 813 (1927) available at: <http://www.jstor.org/discover/10.2307/1330367?Uid=3738256&uid=2129&uid=2&uid=70&uid=4&sid=21100737655691>> Accessed on 19th October, 2016

⁵ C. Pulig C. Simmons and R. Netameyer, Brand dilution: When do new brands hurt existing brands? *Journal of Marketing*, 70 (2006) k 52-66

ensure that the image of the trademark and its entity would not be negatively affected owing to being connected to another product or services”.⁶

DILUTION IN INDIA AND UNITED STATES

United States of America

In the United States of America, the use and benefits of having a trademark is not defined by the registration of the mark, the owner or the user of the mark automatically gets a right to use and own the mark in the geographical area in which he operates. This concept was adopted from the exclusive use and display of the mark they use or own in relation with the goods or services they offer to the consumers.⁷ However if a person wants to use or reserve the mark and use it nationwide he may register the mark with the US patent and Trademark Office (USPTO), but USPTO can after proper examination of the mark can deny for the registration. According to the federal laws a mark can be considered as abandoned if it is not used for consecutive three years.⁸ Traditionally two persons were allowed to use same trademark on the argument that the two persons are in different line of business and have no similarities in the goods and services offered. But when one of the mark becomes more famous and is recognised by a large number of people then there is a need to protect that famous mark⁹. This kind of protection is what makes dilution different from the infringement and hence trademark dilution was created in the Lanham Act Section 43(c).

In the case of *New York City Triathlon, LLC v. NYC Triathlon Club, Inc.*¹⁰ the plaintiff operated annual triathlon event conducted in New York Tri, and went to court arguing that the defendant is using the mark used by them to promote its club, and the club changed its name from SBR Triathlon Club to the NYC Triathlon Club and before the change in name the plaintiff warned the defendant over the use of the mark. The court held that the mark used

⁶ C.Pulig C. Simmons and R. Netameyer, Brand dilution: When do new brands hurt existing brands? Journal of Marketing, 70 (2006) k 52-66

⁷ Intermatic Inc. V. Toeppen, 947 F. 1227- Dist. Court, ND Illinois 1996

⁸ T.G. Agitha, Trademark Dilution: Indian Approach, <[http://14.139.60.114:8080/jspui/bitstream/123456789/12866/1/009_Trademark%20Dilution_Indian%20Approach%20\(339-366\).pdf](http://14.139.60.114:8080/jspui/bitstream/123456789/12866/1/009_Trademark%20Dilution_Indian%20Approach%20(339-366).pdf)> accessed on 30th October 2016

⁹ T.G. Agitha, Trademark Dilution: Indian Approach, <[http://14.139.60.114:8080/jspui/bitstream/123456789/12866/1/009_Trademark%20Dilution_Indian%20Approach%20\(339-366\).pdf](http://14.139.60.114:8080/jspui/bitstream/123456789/12866/1/009_Trademark%20Dilution_Indian%20Approach%20(339-366).pdf)> accessed on 30th October 2016

¹⁰ 704 F. Supp. 2d 305 (S.D.N.Y. 2010)

by the plaintiff has a goodwill which is to be protected and hence an injunction shall be granted and the club shall stop using the name.

In *Moseley v. V Secret Catalogue, Inc.*¹¹ the Petitioners operated a retail store under the name 'Victor's Secret'. Respondents notified the petitioners that such use of the name would likely cause confusion with the trademark of Respondents and would also "dilute the distinctiveness" of their said famous mark. In response, petitioners changed the name of the store to "Victor's Little Secret." Not being satisfied, Respondents filed suit, alleging among other causes of action, that the said use of that name was "likely to blur and erode the distinctiveness" and "tarnish the reputation" of the famous trademark. The owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

India

Prior to the Trademark Act of 1999, the Trademark Laws in India was governed by the Trade and Merchandise Mark Act, 1958. Section 47¹² of the Trade and Merchandise Act, 1958 provided Defensive registration of well-known trademark and passing off. The test for defensive registration was whether the mark has become so well known that the use of it even in goods of dissimilar nature would be taken as indicating a connection between the two. However, it is pertinent to know that the TMM Act did not define 'well known trade mark' and the concept was developed through judicial precedents¹³.

¹¹ 537 U.S. 418 (2003)

¹² TMM Act, S. 47(1)- Defensive registration of well-known trademarks Where a trade mark consisting of any invented word has become so well-known as respects any goods in relation to which it is registered and has been used, that the use thereof in relation to other goods would be likely to be taken as indicating a connection in the course of trade between those goods and a person entitled to use the trade mark in relation to the first mentioned goods, then, notwithstanding that the proprietor registered in respect of the first-mentioned goods does not use or propose to use the trade mark in relation to those other goods and notwithstanding anything in Section 46, the mark may, on application in the prescribed manner by such proprietor, be registered in his name in respect of those other goods as a defensive trade mark and while so registered, shall not be liable to be taken off the register in respect of those goods under the said section.

¹³ Vishnu Konoorayar, Doctrine of Dilution of Trademark: A comparative study on the Indian and American Jurisdiction < <http://www.uniassignment.com/essay-samples/law/doctrine-of-dilution-of-trademark-law-company-business-partnership-essay.php>> accessed on 30th October 2016

In India the concept of dilution was first used in the case of *Daimler Benz Aktiegessellschaft Anr. v. Hybo Hindustan*¹⁴ the issue of this case was the use of the mark of BENZ along with a ‘three pointed humans being in a ring’. The Delhi High Court issued injunction in favour of plaintiff and observed that use of similar mark such as MERCEDES BENZ by anyone including the defendant would result in perversion of the trademark law in India. The Delhi High Court held that “Such a mark is not up for grabs-not available to any person to apply upon anything or goods. That name is well known in India and worldwide, with respect to cars, as is its symbol a three pointed star.” The Court further held: In the instant case, ‘Benz’ is a name given to a very high priced and extremely well engineered product. In my view, the defendant cannot dilute that by user of the name ‘Benz’ with respect to a product like under-wears.

However, this situation changed with the development of the Section 29(4)¹⁵ of the Trademark Act, 1999, which came in effect on 2003.

In the case of *Bata India Ltd. v. Pyarelal & Co*¹⁶, the defendant was in the business of manufacturing mattresses, sofas, cushions, and automobile seats, which he sells by the name of BATAFOAM, the plaintiff Bata India Ltd. Filed a case in the District Court Meerut and stated that plaintiff’s mark BATA is a famous footwear brand in India holding registrations for canvas, rubber, rubber plates, and leather shoes. The plaintiff argued that by using the mark BATAFOAM, the defendants were guilty of deceiving customers and such fraudulent and mala fide conduct amounted to passing off the plaintiff’s goodwill and reputation. The defendants, denying these allegations, alleged that they were involved in business different from that of the plaintiff, and because their product was sold as BATAFOAM, there could not be any confusion or deception. The District Court rejected the plaintiff’s claim by holding that the plaintiff had no registration for the mark BATA for mattresses, sofas, cushions, automobile seats, etc., and that because the defendants’ mark BATAFOAM was not identical in appearance to the plaintiff’s mark BATA, there could be no passing off. The decision of

¹⁴ AIR 1994 Delhi 239

¹⁵ A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which:

(a) is identical with or similar to the registered trade mark; and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; 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.

¹⁶ AIR 1985 All. 242

the District Court, on appeal, was reversed by the High Court of Allahabad. The court said that the defendant failed to give any reasonable or valid justification for the use of the name “BATAFOAM” which was likely to arise confusion in the mind of the unwary purchaser of average intelligence that it was a product of the plaintiff.¹⁷

In *Kirloskar Diesel Recon Private Ltd. v. Kirloskar Proprietary Ltd*¹⁸, the plaintiffs, in a District Court of Pune, argued that the use defendants’ use of the trademark KIRLOSKAR as part of their trade name amounted to passing off and such adoption of this mark was also in bad faith as one of the defendants had formerly worked for the plaintiffs. The District Judge passed an order restraining the defendants from using the aforesaid mark. On appeal before the Bombay High Court, the defendants argued that the nature of the business of both parties was different, thereby ruling out the question of likelihood of confusion or deception. They further alleged that the mark being a surname, any person with that surname was entitled to use it. The respondent plaintiffs argued that a trade name’s exclusive reputation was entitled to protection from tarnishment and also pointed out that the adoption of the surname by the defendants was not bona fide. Relying on the ruling of Mercedes Benz case, the Bombay High Court affirmed that the law on passing off protected goodwill in a trademark against erosion, and that it was not intended to protect a person who deliberately set out to take advantage of somebody else’s commercial reputation. Also, taking into account that one of the defendants was once involved in the plaintiffs’ image-building program, the Court rejected the defendants’ appeals and affirmed the order of the District Judge¹⁹.

In *Caterpillar Inc. v. Mehtab Ahmed*,²⁰ a famous trademark CATERPILLAR came under attack when a local defendant in Delhi adopted it representing footwear. The plaintiff company, Caterpillar Inc. established since 1904 in USA, filed a suit for passing off and copyright infringement before the Delhi High Court. The Court framed two issues for

¹⁷ Sankalp Jain, Dilution of Trademark: An Introduction <<http://poseidon01.ssrn.com/delivery.php?ID=364085089029101086120116103025121110062049053076063030120000104113094071076066106069032124000100104011004103123070087001028001051050047036006104098127009013006002026034058007123024092121000069116020095065093095020121101069078122064070078069028087095084&EXT=pdf>> accessed on 29th October 2016

¹⁸ AIR 1996 Bom. 149

¹⁹ Sankalp Jain, Dilution of Trademark: An Introduction <<http://poseidon01.ssrn.com/delivery.php?ID=364085089029101086120116103025121110062049053076063030120000104113094071076066106069032124000100104011004103123070087001028001051050047036006104098127009013006002026034058007123024092121000069116020095065093095020121101069078122064070078069028087095084&EXT=pdf>> accessed on 29th October 2016

²⁰ 8 2002 (25) PTC 438 (Del.)

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.

In the case of *ITC Ltd. v. Philip Morris Products SA & Ors*²¹, Court in this case held for the first time, that the test evolved for infringement actions were inapplicable or inapposite to cases falling under Section 29(4), and therefore dissociated comprehensively the likelihood of confusion test from all actions falling under this Section. The Court observed that the absence of a presumption of infringement under Section 29(4), unlike the preceding clauses of Section 29, was indicative of the legislative intent requiring a higher standard of proof in cases falling under Section 29(4). The court emphasized that the following four essential elements need to be established in order for a dilution case to succeed²²:

- i. The diluting mark is identical or similar to the injured mark;
- ii. The injured mark has a reputation in India;
- iii. The use of the impugned mark is without due cause;
- iv. The use of the impugned mark amounts to taking unfair advantage of, or is detrimental to, the distinctive character or reputation of the registered trade mark.²³

In *Reckitt & Colman of India Ltd. v. Kiwi TTK*²⁴, both parties were in the business of manufacturing shoe polish, the defendants, whose brand name was 'Kiwi' marketed an advertisement comparing a bottle of their shoe polish with another bottle, marked as 'Product X' whereby the virtues of the defendant's product were extolled while disparaging the other unnamed product. And the plaintiff claimed that 'Product X' bore a striking resemblance in design to their own product namely, 'Cherry Blossom' and that the advertisement disparaged

²¹ 2010 (42) PTC 572 (Del.)

²² Palak Jain, Trademark Dilution in India <<http://www.rslr.in/rslr-blog/trademark-dilution-in-india>> accessed on 29th October 2016

²³ Palak Jain, Trademark Dilution in India <<http://www.rslr.in/rslr-blog/trademark-dilution-in-india>> accessed on 29th October 2016

²⁴ 63 (1996) DLT 29

its product. Based on the stated reasoning, the Delhi High Court granted an injunction against the defendants for the disparaging contents of the advertisement.

In the *Reckitt & Colman of India Ltd. v. MP Ramachandran*, the plaintiffs were engaged in the manufacturing of blue whitener under the name of 'Robin Blue' for which they had a design registration over the bottle, the defendants, who were in the same business, issued an advertisement comparing their product to others stating that not only was their product cheaper, but also more effective. In this depiction they compared their product to a bottle having the same shape and pricing as that of the plaintiff's product. While holding that the advertisement was made with the intent to disparage and derogate the plaintiff's product.

COMPARISON BETWEEN THE INDIAN APPROACH AND UNITED STATES OF AMERICA'S APPROACH TO DILUTION

Significant distinctiveness is found when it comes to analyse the Indian and American version of Trademark Dilution laws, for e.g. according to Lanham Act, 1946 there is a requirement that the mark shall be famous and it should be 'distinctive, inherently or through acquired distinctiveness', as for the requirement that the mark is famous there is a presentation that the mark should be widely recognised in the general public of United States as a Source of a goods or services produced by the owner of the mark.

Whereas in Indian Laws, Dilution is not clearly mentioned and there is no requirement that a mark should be famous. And there is no such requirement that the reputation be considered as per the US Laws.

In comparison with the US law, there is a change as to public, in Indian system, the sector of Public is what is recognized by the court as being limited, whereas in US the recognition is among the general consuming Public. In the Indian scenario there is a requirement that there shall be a knowledge of the mark be recognised in the relevant market in the public and is known as the "Relevant Sector of the public"²⁵

In the trademark Act, 1999 there is a provision in which the trademark is considered as being infringed upon where a similar or identical mark that exist even on unrelated products and

²⁵ That constitutes the actual or potential consumers, the persons that are involved in the channels of distribution of the goods or services, and the immediate business environment that deals with the goods and services that the trademark is applicable.

services is found to be used in the course of commerce in a manner that without due cause takes unfair advantage or cause harm to the distinctive character or repute of the registered trademark.²⁶

There are different provisions under the US law and Indian Law for the protection of the famous marks, under the Indian law the mark is not required to be ‘famous’ the provision under the Indian laws are not defined.

The high court in India attempted to trace the definition if the term dilution of trademark from Indian perspective but failed in the case of *Yale Electric Corp. v. Robertson*²⁷, in this case injunction was offered against the defendant where they used a mark that was found to be similar to that of the plaintiff through the production of goods that were found to be unrelated to those produced by the plaintiff.

CONCLUSION

In the layman’s term infringement happens when the two goods can be considered as one and the same. This term was initially used in the German Court. The Indian courts use a liberal approach as held in the two famous cases *Kirloskar Diesel Recon (P) Ltd v. Kirloskar Proprietary Ltd*²⁸ and in the case of *Daimler Benz & Others v. Hybo Hindustan*.²⁹ In the Indian perspective passing off and Trademark Dilution are considered to be one of the same. Thus in conclusion, regarding to the trademark dilution in India the courts shall not focus on creating provisions in their law that recognize the concept, as per the comparison with the US Judicial System that finds the strengthen the protection against the trademark Dilution.

²⁶ S 29 (4) Indian Trademark Act, 1999

²⁷ 26 F.2d 972 (2d Cri 1928)

²⁸ AIR 1996 Bombay 149

²⁹ AIR 1994 Delhi 236