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Trademark Dilution in India

BIPASHA BARUA[1]

ABSTRACT

In terms of intellectual property rights, trademark protection is a crucial subject because the idea of Trademarks now serve a broader purpose than simply identifying the source of goods and services; instead, they inform consumers about a product's price, quality, and brand identity keep their assets safe. Consumers are intended to be protected by trademark law against market confusion, probability of confusion, and fraud. It also emphasises preventing harm to the trader's reputation and goodwill.

According to the aforementioned notion, the maintenance of the trademark's singularity and uniqueness is crucial for both its owner and the general public. Given this, the Frank Schechter-developed doctrine of trademark dilution resulted in a major change in the breadth and depth of trademark protection. The doctrine of dilution is a notion in trademark law that enables the owner of a well-known trademark to prevent others from using their mark in a way that would lessen its distinctiveness. The doctrine of dilution differs significantly from other types of infringement in that it grants the right to the owner of a trademark to stop someone from violating it even in non-competitive markets or with products that are dissimilar to the trademark owner's or that are not in direct competition with it.

The concept of dilution was developed in India by the Delhi High Court in Daimler Benz Aktiegesellschaft v. Hybo Hindustan . The court granted the plaintiffs an injunction despite without going into great length to define the term "dilution." The Court determined that Benz was a trademark with a distinguished reputation that stood for the world's best-built automobiles and was the pinnacle of status and quality. It is obvious that using the Benz trademark on clothing would compromise the mark's distinctiveness. As a result, the court issued an injunction prohibiting the defendants from using the Benz logo on underwear with a three-pointed human figure in a ring.

The aspect of trademark infringement known as "trademark dilution" allows the owner of a well-known mark to forbid others from using it on the grounds that doing so will likely damage the mark's goodwill or distinctiveness. Dilution protection for trademarks protects uses that do not give consumers the impression that a product has been made by someone other than the trademark owner, in contrast to ordinary trademark law.

Keywords: *trademark; well known trademark; trademark dilution.*

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[1] Author is a LL.M. Student at Amity University, Noida, India.

I. Introduction

In today's globalised market, trademark dilution is likely to happen. A manufacturer is authorised to make or sell products that are exact replicas or close substitutes for the items of another registered trademark owner.

Dilution of the trademark has yet to be decided in an Indian court, despite several attempts to ascertain the definition and range of the word.The "idea of dilution," according to Frank I. Scheckter, was first proposed in 1902. The notion of trademark dilution[2] was introduced in the well-known case of Yale Electric Corp. v. Robertson[3], where it was determined that injunction relief was appropriate due to the defense's use of a mark that was confusingly similar to the plaintiff's mark in connection with unrelated goods.

The 1958 Trademark and Mercantile Marks Act (TMM) , known as the "old law in India," did not address the issue of trademark dilution in that country. The major goal was to rule out any similarity between the marks in accordance with international law and to safeguard the reputation of any marks that can cause confusion in the general public's opinion.

The trademark act 1999 was approved by the Indian parliament in order to replace the 1958 law and protect trademarks "for goods and services and to prevent the misuse of the mark in India. The word "dilution," however, was never used in the act. Due to the idea of trademark dilution, the owner has the right to forbid third parties from using his well-known or renowned mark brand in order to keep it from becoming less distinctive or from being exploited for commercial gain in order to confuse consumers. To grant ownership to the owner of the trademark and prevent unauthorised use of a similar mark, the concept of trademark dilution is essential.

II. Doctrine of dilution: Indian approach

Since trademark dilution involves trademark infringement and has the potential to hurt the legitimate owner of the mark by lessening its uniqueness or reputation, anti-dilution regulations are required to prevent it. Nobody should be allowed to freely copy work from another source or misuse a well-known trademark's goodwill. Trademark dilution is the idea that a sufficiently strong and well-known mark should not lose its "singular association" with a genuine product in the public's consciousness.

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[2] *Trademark Dilution and Indian courts*,LAWTEACHER,available at: https://www.lawteacher.net/free-law.essays/business-law/trade-mark-dilution-and-indian-courts-business-law-essay.php#ftn5 (accessed on 22 Apr, 2023).
[3] Yale Electric Corp. v. Robertson 26 F.2d 972 (2d Cir. 1928).

The TMM Act did not define "well-known trademark," thus courts had to construct laws to carry out the concept.

It is pertinent to highlight, in any case, "that the TMM Act didn't describe "well-known trademarks" and the knowledge was advanced by technique of judge-made law. By registering their marks in either all classes or only some classes of concern, owners of well-known checks often benefited from this provision. In any event, it is significant that Indian courts have upheld rights in a number of well-known marks despite no defence, as confirmed by trademark owners through passing-off lawsuits.

Prior to the 1999 Act, Daimler Benz Aktiegessellschaft & Anr. v. Hybo Hindustan is one of the most well-known cases of trademark dilution. The use of the mark BENZ as a "three pointed human being in a ring" in this case ignored the defendant's position of lawful concurrent use, and the High Court of Delhi granted the plaintiff an injunction. It was discovered that anyone, including the defendant, imitating a mark like MERCEDES BENZ would make fun of Indian trademark law.The Court held:

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. [4]

In the case of Bata India Ltd. v. Pyarelal & Co.[5], it was determined that the District Court of Meerut had awarded the plaintiff an injunction due to the defendant's "passing off" of rubber foam used in the manufacture of mattresses, sofas, and other items by using the mark BATAFOAM. The judge dismissed the plaintiff's argument by claiming that the defendants' BATAFOAM is not confusingly similar to the plaintiff's mark BATA and that the plaintiff had no registration for the mark BATA for mattresses, sofas, etc. Therefore, passing off is impossible. The high court in Allahabad overturned the district court's judgement. It was decided that the defendant had not provided a convincing defence for using the mark "BATAFOAM". The public became confused as a result of this.

The court held: It is this impression which may ultimately cause damage to the reputation of the plaintiff. It amounts to an invasion of his right vis-a-vis the name Bata. The name Bata is neither a fancy name nor paternal name nor in any way connected with the defendants. It is not the name of a flower or fauna. It is a fancy name of a foreigner who has established his business

[4] Paul C. Llewellyn, *Trademark Dilution Revisions: Proof Of Fame, Dilution*, 240 New York Law Journal, (2008), http://udel.edu/~pollack/Acct350/Handouts/trademake%20Dilution%202006.pdf> (accessed 20 March 2023.)
[5] Bata India Ltd. v. Pyarelal & Co AIR 1985 All. 242.

in making shoes and the like products in this country. The name is well known in the market and the user of such a name is likely to cause not only deception in the mind of an ordinary customer but may also cause injury to the plaintiff-Company. [6]

Extending Protection to Well-Known Marks Across All Classes: In a series of rulings, the Judiciary has accepted the legal principle of providing protection to Well-Known Marks Across All Classes. Take Kirloskar Diesel Recon Pvt. Ltd. vs. Kirloskar Proprietary Ltd. as an example[7], the court extended protection to the mark "Kirloskar" and stated that a passing off can be successful if the defendant has adopted the same or similar trading names, even if the defendant uses trading names that are almost commonplace and are used for a variety of activities without engaging in similar activity.Even though the defendant's actions in these circumstances take place far away, it is typically believed that they could result in a growth of the plaintiff's business or activities. The Respondents have established that the term "Kirloskar" has become widely used in the current case, their businesses engage in a variety of activities, and there is even a relationship between certain of the Respondents' operations and those of the Appellants. In the Benz case, similar circumstances , the Court restrained the Defendants from using the mark Benz for their undergarments while acknowledging the worldwide reputation of the mark 'Benz' in respect of cars.

III. TRANSBORDER REPUTATION OF A TRADEMARK

According to Section 11(9) of the Act, the idea of "trans-border or spill over reputation of a trademark" is recognised. It states that it is not necessary for a trademark to have been used in India[8] or for the mark to be well-known to the general public in India[9] in order to determine whether a mark is well-known or not.

But as was already mentioned, even before Section 11(9) of the Act of 1999 was added, the Supreme Court in N.R. Dongre v. Whirlpool Corporation[10] recognised the concept of cross-border reputation when it upheld the decision of the Division Bench Delhi High Court which granted a temporary injunction in favour of a plaintiff based abroad.through the time of the lawsuit, the plaintiff was well-known throughout the world and exclusively sold their equipment through the US embassy in India. They also ran advertisements in several foreign publications with Indian readers.

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[6]Ibid
[7] Kirloskar Diesel Recon Pvt. Ltd. vs Kirloskar Proprietary Ltd. AIR 1996 Bom 149.
[8] Section 11(9)(i).
[9] Section 11(9)(v).
[10] *Supra* at 96.

IV. Passing off action under common law

Passing off cases, however, provide protection to unregistered trademarks, whereas the 1958 statute only permitted infringement claims against registered trademarks. There was no restriction against the use of well-known trademarks on comparable goods or services. Only comparable commodities were covered by the protection. Cases of passing off, including the illegal use of well-known marks with dissimilar goods, were brought prior to the act of 1999, or up to 2003. The Indian judiciary declared there was a significant vacancy.

In order to comprehend how well-known marks were protected by the courts previous to the passing of the TM Act and how the doctrine of dilution entered the Indian setting, let's have a look at some of the major court decisions rendered before the new Act went into effect.

The Indian judicial system has long recognised and approved the common law passing off remedy. Following Lord Diplock's formulation from the Advocaat case, the Indian Supreme Court set the threshold for passing off in Cadila Healthcare v. Cadila Pharmaceuticals Ltd.[11]:

The passing off action depends upon the principle that nobody has a right to represent his goods as the goods of somebody else. The modern tort of passing off has five elements i.e.

(1) a misrepresentation

(2) made by a trader in the course of trade,

(3) to prospective customers of his or ultimate consumers of goods or services supplied by him,

(4) which is calculated to injure the business or goodwill of another trader(in the sense that this is a reasonably foreseeable consequence) and

(5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so. [12]

In later cases, the courts referred to this "five element test time" to determine whether or not the defendants' use of ambiguous markings constituted to passing off.[13]

However well-established it may be in contemporary trademark law, dilution of goodwill in trademark is not a sufficient remedy in and of itself to defend well-known trademarks. It may be a departure from the common law passing off remedy, but it nonetheless has origins in trademark infringement law. The confusion or deceit must be established first and foremost.

[11] Cadila Healthcare v. Cadila Pharmaceuticals Ltd. AIR 2001 SC 1952.
[12] Supra at 202.
[13] Bhavnesh Mohanlal Amin v. Nirma Chemicals Works Ltd. PTC 2005 SC 497; Heinz Italia v. Dabur India Ltd. PTC 2007 SC 1.

Deception, or at least the likelihood of it, especially of the final customer, is at the core of passing off.[14]

The Delhi High Court ruled in Colgate Palmolive v. Anchor Health & Beauty[15] that a substantial duplicate of a trade dress was considered likely to not only cause confusion but also to erode the distinctiveness of colour combination. In the case of "Hamdard National Foundation v. Abdul Jalil:[16] the High Court of Delhi in this case it was held that the standard for determining what amounted to trademark infringement in connection with dissimilar products and services was "likelihood of deception," clearly demonstrating that even after the passage of the new Act and availability of protection under Section 29(4), passing off remedy cannot be relied upon.

It has been noted that our current statute needs a codified norm because passing off entirely depends on the court's decision, and we can see that various courts have rendered disparate decisions. A methodical technique should be continued to prevent the marks from being diluted. Dissimilar commodities should also be protected.

V. STATUTORY RECOGNITION UNDER THE TRADEMARK ACT, 1999

The "likelihood of confusion" test is used to establish if a new user's mark, or a reproduction of a mark, "creates" confusion in the minds of consumers, so impairing the "well-known user's right." As a result, the customer is directly affected by the philosophy of dilution. Although the term "dilution" is not addressed in the act, section 29(4) gives the parliament the authority to infer that "a standard cab be inferred by the plaintiff to establish dilution of its trademark, in relation to dissimilar goods or products.

Section 29 of the trademark legislation of 1999, which took effect in 2003, addresses trademark infringement. Sections 2(1)(zg), 11(2)[17], 11(6)[18], 11(7)[19], and 11(9)[20] refer to the "well-known mark." Let's shed some light on the nature, intent, and application of section 29(4) of the act in order to comprehend the advancements made by Indian courts on the theory of dilution.

(A) Protection of Well-Known Trademark in India under Section 29 of the Trademark Act

Although section 29(4)[21] clarifies the parliamentary inference that "a standard cab be inferred

[14] Hodgkinson & Corby Ltd. v. Wards Mobility Services. Ltd. (1995) FSR 169 (Ch.).
[15] Colgate Palmolive v. Anchor Health & Beauty 2003 (27) PTC 478 (Del.).
[16] Hamdard National Foundation v. Abdul Jalil 2008 (38) PTC 109 (Del.).
[17] S. 11(2)
[18] S. 11(6)
[19] S. 11(7)
[20] S. 11(9)
[21] Ibid.

by the plaintiff to establish dilution of its trademark, in relation to dissimilar goods or products," our current act does not address the theory of dilution.

The "likelihood test" does not automatically provide any rights with respect to "dilution" or take into account any of section 29(4)[22] provisions.

The challenged mark must be confusingly similar to or identical to the registered trade mark in order to constitute a violation of Section 29(1)(2) of the Trademark Act. Therefore, emphasis is focused on the mark's similarity.

According to part 29(4)[23] of this part, the term "dilution" refers to infringement that occurs when a trademark is used in connection with goods or services that are dissimilar or unrelated. In this case, the plaintiff must prove something under section 29(4) other from how similar the two marks are. (i) is well-known in India.

(ii) using the mark without authorization.

(iii) the usage undermines the registered trademark's reputation or distinctive character by taking unfair advantage of it.

This section's subsection 4 states, Even if two marks are identical, trademark infringement is not proved. The court must assume that there will be confusion on the part of the public, according to Sections 29(3) and 29(2)(c), if it is established that the contested mark is similar to the registered mark and the nature of the goods and services covered by the registered mark is likely to cause confusion in the public's mind or to be associated with the registered trademark.

Using section 29(4), which states that a trademark "should have reputation in India, In India, only well-known marks are protected from infringement in regard to unrelated goods and services. According to the section's components, use of a mark that is-

i. Identical with or similar to the registered trademark having reputation in India and
ii. Such use is on different goods or services than those covered by the registration" will only result in dilution.

Use of the mark would constitute infringement in the form of dilution if it is found that the use of the offending mark produces the following results:

i. Unfairly exploits the distinctive quality or repute of a registered brand without justification.

[22] Id.
[23] Ibid .

ii. Without justification, harms the registered trademark's reputation or unique character.[24]

VI. Trademark rules, 2017

Another method that has been developed to allow the Registrar to declare a specific trademark as "well known" is the new Trade Mark Rules 2017. According to the new rule, a trademark owner may submit a request in the form TM-M to the Registrar for the pronunciation of a "well known" mark. The exceptional security and trademark protections of such trademarks have been vouchsafed for a trademark. In India, well-known trademarks are viewed according to their reputation on a national, international, and cross-border level

(A) Well-Known Trademark as Per the Provision

A well-known trademark is one that "has become so to the substantial segment of the public that uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first mentioned goods or services," according to the Trademarks Act of 1999.[25]

Well-known trademarks have their goodwill and reputation protection certified in the nation across types of goods and services, in contrast to other trademarks whose goodwill and reputation are restricted to a certain geographical territory and to a specific scope of product. The Trade Mark Registry is only allowed by law to authorise and register trademarks that are confusingly similar to other well-known trademarks. For instance, Alphabet Inc.'s Google has been registered as a well-known trademark, which suggests that only Alphabet Inc. may use the name "Google" for any category of goods and services.

(B) Filing of a Well-Known Trademark

"The incorporation of the new Trademark Rules 2017" enables trademark owners to submit direct applications to the Registrar for well-known trademarks. The aforementioned application for request must be submitted with a statement of the case, pertinent supporting documentation, proof, and the predetermined charge of Rs. 1,000,000. Additionally, it is required that the application be submitted online using thorough trademark e-filing facilities. Following receipt, the application will be evaluated in light of the supporting documentation.

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[24] Ashwani Kr. Bansal, *Law of Trade Marks in India 498* , Institute of Constitutional and Parliamentary Studies, New Delhi, updated edition, (2009).

[25] Section 2 (1) (zg), The Trademarks Act, 1999.

VII. Remedy and relief

- In the event of trademark infringement, the trademark holder has the following legal options: Prevent registration of marks that are confusingly similar to theirs or that are similar to theirs in any way.
- To ask that an infringing mark be removed.
- To avoid having the trademark incorporated into the name or emblem of any company or trade.
- Punitive damages—The judiciary has ruled in a number of cases that punitive damages should be used to deter infringers from exploiting well-known trademarks and creating dilution. The court ruled in Time Incorporated v. Lokesh Srivastava[26] that punitive and compensatory damages must both be awarded in IP matters. The plaintiff in the present case was awarded Rs. 5 lakh as punitive damages and Rs. 5 lakh as compensatory damages by the court due to infringement.

VIII. Critical analysis

The major development of "the concept of Dilution of Trademark" occurred after liberalisation, however the ground-breaking decision in the Bata case by the Delhi High Court in 1985 occurred before liberalisation. Although the Indian courts have dealt with this idea for a very long time, it is still in its early stages. In addition, the fact that the old legislation only offered weak protection for well-known marks. In most cases, the courts relied heavily on passing off action to render decision.

Prior to the new law's implementation, "dilution was only considered a type of passing off. It was largely based on the possibility of confusion and evidence of deception.

The doctrine is recognised as a separate cause of action under section 29(4) of the new statute. To prove the notion of dilution, there must still be a reasonable chance of confusion or deceit. In 1993, when considering the Mercezed case, the courts did not respond to the possibility of confusion standard for the first time and detained the defendants based on free-riding. As a result, the idea of dilution as an independent source of action underwent a modification. The 1999 act underwent a significant alteration as a result.

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[26] Time Incorporated v. Lokesh Srivastava 2005 (30) PTC 3 (Del.).

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