



Trademark Dilution in the Digital Age: Navigating the Challenges

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Abstract: The globalisation witnessed a remarkable development in technology resulting in the companies focussing a lot on protecting their trade mark. The present research paper analysis the concept of trade mark dilution with special reference to online branding and emergence of technology. The research paper, analysis the historical evolution of the concept of dilution and also gives a detailed theoretical outline on the concept of trade mark dilution. The paper also discusses on the various types of trade mark infringement by dilution such as blurring and garnishment, The paper also evaluates the concept of dilution under the Indian Patent Act, 1999 and also how the judiciary has interpreted and decided in cases where dilution is involved. The study also examines the jurisdictional complexities and technological advancements when assessing how well the current legal frameworks resolve these concerns. The paper aims to clarify the nuances of trademark dilution in the digital age and provide advice and recommendations for effectively negotiating the shifting landscape of online branding.

Keywords: Trademark, Dilution, Infringement, Well Known Mark, Consumer.

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Introduction

In today's rapidly growing world, Trademark is considered as a very important asset by companies. Trademark is a symbol of their identity and goodwill. With the digitization and globalization, the trade mark owners are also facing a series of challenges and hurdles. The Trademark is facing the issues of dilution and garnishment. The Trademark is said to be infringed

originally if one uses the same or similar Trade Marks for related goods or services. But nowadays even in cases of usage for unrelated goods or services also trademark infringement by dilution can be claimed for.

The researcher in this paper is focussing on the concept of Trade Mark dilution in the e world and how challenging it is for the proprietors of the mark to protect their trade marks.

Research Objectives.

This research paper has the following Research objectives:

- To trace the history behind the concept of Trade Mark Dilution and various types of Dilution.
- To understand the tests to determine dilution of trade marks.
- To understand the provisions made in the Trade Marks Act, 1999 to prevent dilution of Trade Mark.
- To analyse various judicial pronouncements regarding dilution of mark.
- To examine how digitalization affects the dilution of trademarks.
- To identify the problems faced while encountering with trade mark dilution cases.

Research Methodology:

The research methodology employed in this study is doctrinal research. The existing legal literature, such as statutes, articles, research paper etc has been referred to by this researcher during this research.

Historical Evolution of Dilution Theory

Trade Mark was traditionally considered as a mechanism formulated for safeguarding the rights of consumers, rather than protecting the rights of the proprietors of trade mark. The concept of Trade Mark dilution, on the other hand is a mechanism which originated as a mechanism to protect the interest of proprietors of trade mark in contrary to the traditional objective of trade Mark law. The primary focus of trade mark dilution was to protect the interests and rights of famous marks. Trade Mark is said to be diluted when an individual or enterprise uses a Trade Mark in an unauthorised manner and such an unauthorised usage results in tarnishing the image of the Trade Mark holder.

The concept of dilution first originated in an Article published by Frank I, Schechter titled “The Rational Basis of Trademark Protection”, wherein he observed that trade mark protection should

not be restricted to protecting the interests of consumers from getting confused or deceived but has to be extended to preventing false proprietors of mark from using the mark in such a manner that the originality and uniqueness of the mark is lost.

In United States, in the celebrated case of *Tiffany & Co. v. Tiffany Productions*, the New York court prevented a movie theatre from using the similar mark as Tiffany, jewellers, despite the fact that there are no chances of confusion. The Hon'ble court observed in the case that there is no actual competition between the defendant and plaintiff but the real reason why the mark has to be protected "is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods".

Certain jurists like Beverly W. Pattishall and Rudolf Callmann were in favour of the dilution theory whereas certain commentators like George Middleton, observed that the concept of dilution is against the traditional notion of trade mark law and Milton Handler observed that if Trade Mark dilution is recognised it will be burdensome to the judiciary and the courts will face multiple number of cases involving trade mark dilution. But it is very interesting to observe that courts and legislations through out the globe started recognising the concept of trade mark dilution and started preventing proprietors from using the mark, even in cases where goods are non competitive in nature.

In *Yale Electric Corp. v. Robertson*, an injunction was granted against the defendant for using a mark which is similar to the plaintiff's mark despite the fact that goods of the plaintiff and defendants are totally unrelated goods. The court in this case, observed that it has been acknowledged that a retailer can possess a noteworthy financial stake in the usage of their trademark beyond their own business, which could warrant a court's intervention. His mark is his real seal; he stands by the products bearing it, whether they are excellent or bad. When someone else utilises it, he appropriates the owner's reputation, which is no longer under his control.

"The court further observed that "dilution is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask. And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful".

In the Indian parlance, the Trade and Merchandise Marks Act, 1958 did not deal with the concept of dilution of mark. But Section 29 (4) of the Trade Marks Act, 1999 deals with the

concept of Trade Mark dilution. The concept of dilution is a court created one, having taken into consideration the change in concept of trade mark globally, with the recognition of well known trade marks and the need to prevent exploitation of marks, despite of usage in totally dissimilar class or category of goods or services may cause a dilution of a famous mark.

Trade Mark Dilution Defined

A trademark is one of the most crucial forms of intellectual property rights. It not only safeguards the interests of traders or manufacturers of goods but also plays a vital role in protecting the rights of consumers. Trademarks assist consumers in making informed decisions when purchasing goods or availing services. Trademark dilution is a concept wherein a trademark, due to its reputation or popularity, begins to lose its distinctiveness, potentially resulting in the goods and services associated with the trademark acquiring generic status. Consequently, the trademark may be used by people even in cases where the goods are entirely unrelated.

Tests to determine Trade Mark Dilution

The test to establish a case of dilution is not similar to the test employed for deciding whether a mark is deceptively similar. In case of deceptive similarity, the court has to see if the marks are similar visually or phonetically and whether the consumers may get confused by the two marks. In such a case, consumers of both the products, the goods or service for which such a trade mark has been applied are all important factors which has to be taken into consideration while determining the question. But on the contrary in the case of dilution, the test to determine is different. In a case involving dilution the plaintiff doesn't not have to prove that there is a deception in the case, The plaintiff just have to prove that there is a close similarity between plaintiffs mark and the defendants mark. Similarly, the plaintiff also have to prove that the use of the mark of plaintiff by the defendant without any due course is detriment to the reputation acquired by the plaintiff .

In *Skol Breweries v. Unisafe Technologies*, the Delhi High Court observed that in a case involving Trade Mark dilution, the plaintiff has to prove beyond the reasonable doubt that the defendants mark is similar or identical to the plaintiffs registered mark , and the goods of the

defendant are dissimilar but the plaintiff has "a reputation in India" and the defendants use of the mark is "without due cause" or is "detrimental to"the distinctive character or repute" of the plaintiffs mark. The most important factor which has to be proved in a trade mark dilution case is that the plaintiff has a reputation.

Trade Mark Dilution under Trade Marks Act 1999

Section 29 (4) of the Trade Mark Act, deals with the concept of Trade Mark dilution. The registered trade mark is considered to be infringed when a person uses a mark which is similar or identical to a registered trademark, wherein the goods or services are not same or similar. But in such a case, the registered proprietors should have very good reputation in India and the use of the mark should be for gaining unfair advantage over the good will created by the registered proprietor.

So as to constitute an infringement under Section 29(4), the following factors are to be fulfilled

- i. "The registered proprietor should use the Trade Mark in the course of Trade.
- ii. The defendants mark is identical or similar to the registered mark of the plaintiff
- iii. The defendants mark "is used in relation to goods or services which are not similar to those for which the trade mark is registered;"
- iv. The registered trade mark has a reputation in India
- v. The defendants use of the mark is "without due cause".
- vi. The use of the mark, by the defendants:
 - a. takes unfair advantage of or
 - b. is detrimental to,the distinctive character or repute of the registered trade mark".

Under the Section, so as to prove infringement by dilution, confusion is not a necessary element. It will be considered as infringement only if the registered mark is having a very good will in India and the use of the mark by people who are not original proprietors on dissimilar goods or services, will probably make consumers believe that the registered proprietors might have extended their business in the defendants field and as a consequent of this, reputation of the registered proprietor may get damaged.

Types of Trade Mark Dilution

Trademark Dilution can happen in the following ways.:

Blurring: Blurring happens when the uniqueness of a well-known mark is compromised by improper use. eg: Facebook is used for a Photo Studio or a garment shop. This will negatively affect the reputation of the original proprietor.

Tarnishing: Tarnishing happens when the trade mark is injured when the mark of the registered proprietor is used in relation to an inferior quality products or services by the defendant. This act is considered as offensive to the rights of the prior user of the Trade Mark. eg: Benz mark was used by Hybo Hindustan for undergarments.

Cybersquatting: Cybersquatting refers to an act where individuals who doesn't have any kind of relation or connection with a trade mark register the domain names associated with the trade mark. This is considered as a highly evil practice as many original users of marks are forced to purchase domain names, which contains their trade mark at highly exorbitant rates. The Delhi High Court observed that cybersquatting is "an act of obtaining fraudulent registration with an intent to sell the domain name to the lawful owner of the name at a premium."

Indian Judiciary on Trade Mark Dilution

The Indian Courts have addressed the issue of trade mark dilution through a number of cases. Some of the cases decided by the Indian Courts are listed herein under.

In *Caterpillar Inc v. Mehtab Ahmed And Ors*, the plaintiff filed a case seeking permanent injunction against the defendant, from infringing the plaintiff's copyright as well as trade mark associated with the marks "CAT and CATERPILLAR" and the court decreed in favour of the plaintiff. In this case, the Hon'ble court observed that while protecting famous mark, the defendant's defence that the goods or services which are offered by the defendant is of better quality when compared to the plaintiff's mark is not a good defence. The court observed that any kind of invasion or adoption by a subsequent user of the mark, can be considered as an act affecting the reputation of the prior user and should be treated as an act of commercial invasion.

In *Daimler Benz Aktiengesellschaft v. Hybo Hindustan*, wherein a device of "Three Pointed Human Being in a Ring", was used by the defendant in their undergarment business. Daimler Benz alleged that this act of the defendant is affecting the rights of the plaintiff as the mark is

similar to the device mark of Benz “Three-pointed star in a circle”. The Delhi High Court observed that the word mark and device mark of the plaintiff is a well known mark in the Indian household and the act of the defendant should be prevented and an injunction was passed against the defendant as according to the court the act of the defendant demean other peoples name and reputation.

In *ITC Limited v. Philip Morris Products SA and Ors*, ITC filed a case against Philip Morris, alleging that the use of M logo by Philip Morris, affects the right of the plaintiff as it is similar to ‘WELCOMEGROUP’s W ’logo as according to the ITC Limited the “M”, mark is similar to the holded hands mark of “W” .The court in this case, on the contrary did not grant injunction in favour of the plaintiff.

Illustrations of Trade Mark Dilutions

1. **“AMUL”**: AMUL, an acronym for Anand Milk Union Limited, is a well-known brand established in 1946. Since its inception, Amul has been selling milk and milk products throughout the country. Conversely, J.G. Hosiery, launched in 1980, introduced its line of men's undergarments under the trademark Amul Macho in 2000, swiftly becoming one of India's leading undergarment brands. In this scenario, there is no likelihood of consumer confusion regarding the expansion of the "AMUL" dairy into the hosiery industry. However, since "AMUL" is a well-known mark, the hosiery company's actions are without due cause and may tend to dilute the "AMUL Dairy's" trademark.
2. **“STARBUCKS”**: Starbucks has encountered numerous instances of trademark dilution where various proprietors utilize marks resembling Starbucks' distinctive logo or imagery, despite offering entirely unrelated goods or services.
3. **“TAJ”** . “TAJ” the hospitality brand of TATA is also facing the issues of trade mark dilution when proprietors of unrelated goods or services like cinema halls, garment shops etc use their trade mark without authority.

Trade Mark Dilution in the Digital Era

In the era of globalisation, technology is ever changing, and there is development in every walks of life such as the advancements in the field of AI, machine learning etc. But the basic question

is whether the law especially the Intellectual Property Law has changed with the change in technology and whether the law could meet the needs of the innovators.

The nature and scope of trademark protection have changed dramatically in the modern world due to globalisation and advent of technology. Due to the worldwide reach made possible by online platforms, trademarks which were previously largely limited to national borders now cross geographic boundaries. Traditional interpretations and uses of trademark protection legislation are coming under more and more pressure as the current business world grows more decentralised and globally focused.

With the globalisation, there has been a change in the concept of markets. Now companies started expanding businesses in such a way that they try to gain popularity among the consumers globally. The emergence of global market make it very important for the companies to protect their marks in multiple jurisdictions across the globe. Digital platforms plays a key role in promoting trade and commerce and will aid the brands in establishing their name or reputation globally. But as a result of expand in business and e commerce Trade Mark is not free from any kind of infringements or dilution.

The development of e commerce platforms have changed the way consumers decide on purchasing any product or for availing services. Social media acts a medium for companies to showcase their products and for expanding their business. So digital platforms play a significant role in widening the visibility and popularity of the brand. In many cases consumer decision making is chiefly based on the reviews of the social media influences or any e commerce website reviews. For eg: Many companies who have started business long back, reached the minds of the consumers worldwide only with the promotion activities which has been done in the social media. But with the advancement of global markets and proliferation of e commerce platforms, there has been many occasions wherein dilution is happening of well known trade marks, leading to consumer confusion and disparagement of the trade mark.

As a result of the internet's global reach, trademark owners face numerous difficulties in the form of replica products and business imitation. Online markets and social media platforms have grown as a result of globalisation and digitalisation, which has given counterfeiters and trademark infringers a fertile environment in which they can use trademarks of a brand which has reputation for illegal benefit. The uniqueness of the original brand is diminished by counterfeit goods with identical or similar trademarks, which also jeopardise consumer safety

and confidence. Similar to this, brand spoofing on social media can confuse customers and decrease the legitimacy of the original brand.

Technological advancements not only provide opportunities for companies to expand their business. But it also poses several threats. With the advancement in technologies such as Artificial Intelligence, Block chain etc the companies can check and monitor if any kind of infringements are happening. But at the same time, the same technology can be used by free riders to misappropriate the famous marks which will pose as a threat for the original proprietors of the trade mark.

Conclusion

To sum up, there are many different ways in which globalisation and digitization affect trademark dilution. Brands are more susceptible to the danger of dilution as they interact with consumers digitally and broaden their reach internationally. Because of the internet's widespread presence, the ubiquity of counterfeit goods, brand piracy, and online infringement, protecting brand integrity has grown increasingly challenging in the digital era. In addition, the quick development of technology presents new challenges and opportunities for owners of trademarks as well as those who violate them.

Nevertheless, there are numerous strategies for mitigating the risks associated with trademark erosion and safeguarding business identity in the age of the internet. Innovation, regulatory strategies, and active trademark surveillance can all be used to successfully detect and prevent dilution. Collaboration between government agencies, industry associations, and internet platforms is crucial for the establishment of a coordinated strategy to trademark protection and enforcement. Encouraging consumer education and awareness campaigns are also critical to bolstering online vigilantes against counterfeit goods and trademark dilution.

The issues of trademark dilution in the age of technology can be efficiently navigated by stakeholders by adopting a comprehensive approach that includes legal, technological, and educational activities. This will help to safeguard the integrity of trademarks in an increasingly globalised and digitalized marketplace.

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 - 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 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.
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