I. INTRODUCTION (OR PATIENCE IS A VIRTUE)

After a lengthy gestation period, the Trade Marks Act, 1991 entered into effect on September 15, 2003 with an almost unbecoming modesty, replacing its veteran predecessor — the Trade and Merchandising Marks Act, 1958. Unlike the more controversial provisions of other recent intellectual property legislations, such as the expansion of the patent system to include product patents for pharmaceuticals, the Act has received a low-key yet largely favourable reception from both the press as well as practitioners. This arises from the general perception that the legislation has predominantly evolved from a volitional desire...
to upgrade and rationalize the law rather than as a consequence of onerous obligations imposed by the Agreement on Trade Related aspects of Intellectual Property Rights ("TRIPS") and the Act has certainly introduced many welcome changes. Some of these include an enlarged definition of a trade mark, registration for service marks, an increased term of registration from seven to ten years, a single application for registration being permitted to cover different classes of goods and services and the establishment of an Intellectual Property Appellate Board to hear appeals from the decisions of the Registrar.

However, the purpose of this article is to highlight an understated but potentially evolutionary change in the law regarding infringement of a registered trade mark, which does not appear to have received the attention it deserves. As part of a global shift in trade mark jurisprudence towards stronger proprietary rights for trade mark owners, the infringement provisions have been upgraded to include comparative advertising in certain "unfair competition" type situations and also explicitly provide a remedy for situations where the infringement occurs through the use of a trade name or registration of a company name. Yet the most significant change has been the adoption of a particular version of the concept of "dilution" in the new Act and given the empirical fact

7 This now includes the shape of goods, packaging and combinations of colours in Section 2(l)(zb) of the Act. The definition of "mark" has also been expanded in Section 2(l)(m) of the Act.
8 "Service" is defined in Section 2(l)(z) of the Act and the classes of services are listed in Entries 35 to 42 of the Fourth Schedule to the Trade Mark Rules, 2002.
9 The registration is also indefinitely renewable for additional periods of ten years under Section 25 of the Act.
10 A general principle of trade mark law is that usually rights in the mark are restricted to particular classes of goods which are specified in the application for registration. The new law, as contained in Section 18(2) of the Act, is more convenient than the earlier requirement of a separate application per class.
12 Valuable commercial names are protected through a combination of the registered trade mark system and the common law tort of passing off. These two systems are complementary and Section 27(2) of the Act preserves the remedy of passing off, which may be used in conjunction with an infringement suit or independently where no registration subsists.
13 These are elucidated in Section 29(8) of the Act, as advertising which:
(a) takes unfair advantage of and is contrary to honest practices in industrial or commercial matters, or
(b) is detrimental to its distinctive character, or
(c) is against the reputation of the trade mark
14 According to Section 29(5) of the Act, "(a) registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name of his business concern dealing in goods or services in respect of which the trade mark is registered."
15 Its specific contours are laid out in Section 29(4) of the Act.
that trade marks are the most litigated species of intellectual property in India, its unchecked development could have far-reaching consequences.

This article seeks to explore just why dilution — harming a mark by lessening its ability to distinguish goods or services in the market — is such a radical departure from the traditional litmus test of trade mark infringement, namely, consumer deception and confusion. While it cannot be overemphasised that each case is ultimately decided on its own facts and circumstances, the sheer novelty of this legislative intervention spurs the need for conceptual clarity and a ready roadmap of principles when considering future cases. To that end the arguments will be structured along the following lines — (a) an introduction to the concept of dilution; (b) an analysis of the Act’s infringement framework into which it has been incorporated to a qualified extent; (c) gaining comparative insight from the United Kingdom’s Trade Marks Act, 1994, which implemented the European Community’s Trademarks Directive and which also is the inspiration for the present Act; and finally (d) drawing on the Indian passing off jurisprudence for the protection of well-known marks, to see how far the conceptual foundations have already been laid in this regard. The article concludes by advocating a qualified and cautious approach towards this new ground for infringement as an overenthusiastic embrace could smother genuine competitive behaviour from honest competitors.

II. Schechter’s Legacy: The Concept of Trademark Dilution

The optimal starting point for an understanding of dilution is to pose the question — what is the function of a trade mark? Frank Schechter, often referred to as the father of dilution, believed that the answer to that could no longer be found solely in the traditional notion of a mark indicating “source or origin” of a product, but instead in the creation

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17 (c.26 of 1994).
19 The traditional essence of passing off is that no man is entitled to represent his goods or business as being the goods or business of another whether such representation is made by the use of any mark, name, sign or symbol, device or other means. See for example, Century Traders v. Roshan Lal Duggar and Co., AIR 1978 Del 250 (High Court of Delhi).
and retention of custom. He believed that the value of the mark lay in “its selling power”. A moment’s reflection reveals that different attitudes to trade mark protection flow from each of these rationales. The former arose in the context of industrial production and distribution channels separating producers and consumers. It seeks to retain a link between the producer and consumer, focusing more on identifying the product and guaranteeing its origin. It views the mark as making a representation of consistent quality — the product is from company A and the consumer has either personal experience with or has heard of the quality of A’s products. The balance appears clearly weighted in favour of consumer protection. The latter however emphasizes the mark’s advertising function; the mark as the cornerstone of a “brand” — such a conceptualization sees the mark as actually selling the product and so it has independent value. One need only think of youthful fashion devotees spending large amounts to wear clothing emblazoned prominently with logos like “Nike” or “Adidas”, thus paying to be turned into walking billboards. Such a basis acknowledges that marks generate a whole set of values and associations with a product, which relate to lifestyle choices or how the consumer would like to perceive of herself and have others perceive her. Thus Reid and Taylor Suitings invoke images of Bond or Bachchan to reinforce associations of style, sophistication and good taste with their brand. In such situations the proprietor has a clear interest in protecting this valuable commercial magnetism which is associated with the brand and acknowledging dilution as a type of harm is the response to this concern.

Schechter argued that unauthorized third party use of a strong or “singular” mark on non-competing goods e.g. goods that were or would have been registered under a different class, would result in harm even if no consumer was actually confused in the process. Speaking before a Congressional Committee on Patents, he argued that:

21 Id.
22 An account of the shift in thinking from the “origin” function to the “branding” function can be found in C.D.G. Pickering, TRADE MARKS IN THEORY AND PRACTICE.
23 For a highly critical perspective on such a function of trade marks, see, NAOMI KLEIN, N LOGO (2001).
24 Hearings before the House Committee on Patents, 72d Cong, 15 (1932) (statement of Frank Schechter), quoted in Derenberg, The Problem of Trademark Dilution and the Anti-Dilution Statutes, 44 CAL L REV 439, 449 (1956).
"... the person who has the trade-mark should be able to prevent other people from vitiating the originality, the uniqueness of that mark. If you take Rolls Royce — for instance, if you allow Rolls Royce restaurants and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in 10 years you will not have the Rolls Royce mark any more. That is the point.”

His primary concern thus was the “gradual whittling away or dispersion of identity and hold upon the public mind”.25 However, it must be noted at this juncture that Schechter was concerned with strong, reputed and “singular” marks i.e. the mark had to be visible enough to deserve this enhanced level of protection. This is an important threshold requirement, which will be further explored in the following sections of this article. Assuming that a mark is sufficiently distinctive (either inherently or an acquired distinctiveness through use) and reputed, to warrant protection against dilution there are two principal species of harms that have evolved through case law,26 which would result in this erosion of the unique selling power of a mark. These are:

A. Blurring

This concept has already been introduced by way of the Rolls Royce example above. In fact this unease with gradual erosion is reflected clearly in the definition of dilution in the US Federal law, as the “lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of: 1) competition between the owner of the famous mark and other parties, or 2) likelihood of confusion, mistake or deception.”27 However the common law authority that is most often suggested as an appropriate example is the “Elderflower Champagne” passing off decision,28 where French producers were successful in prohibiting the use of “Champagne” on a non-alcoholic beverage. Bingham, J. reasoned that:

25 Schechter, supra note 20, at 825.
26 In the US, the most fertile jurisdiction for dilution developments, attempts were made to stretch dilution theory to address cybersquatting as well. This was reduced by the passage of the Anti-Cybersquatting Act of 1999. See, 15 USC § 1125(d).
27 The Federal Trademark Dilution Act (15 USC 1127). It was passed in 1995 and was added as § 43(c) to the Lanham Act as of January 16, 1996 [15 USC § 1125(c)].
"The first plaintiff's reputation and goodwill in the description Champagne derive not only from the quality of their wine and its glamorous associations, but also from the very singularity and exclusiveness of the description, the absence of qualifying epithets and imitative descriptions. Any product which is not Champagne but which is allowed to describe itself as such must inevitably, in my view, erode the singularity and exclusivity of the description Champagne and so cause the first plaintiff's damage of an insidious but serious kind."29

This reasoning has been subsequently endorsed in broadly similar circumstances relating to Scotch whisky, in the Indian courts.30

B. Tarnishment

One of the most intuitive examples of this type of harm is found in the famous Dutch "Claeryn-Klarein" case, where the well-known Claeryn trade mark for a type of gin evoked an image of clarity and purity.31 The Benelux Court of Justice held that there was dilution under the Benelux Trade Mark law when the defendant used a similar sounding trade mark for a cleaning product. As Megan Richardson points out, while there was an element of preventing free-riding or the unfair appropriation of a good reputation in this case, another reason was that the court possibly did not think it funny to drink a good glass of Claeryn Dutch gin while thinking of a cleaning agent at the same time.32 Another example which vividly describes this principle is the early "4711" case from Cologne, Germany where "the owner of the famous "4711" trade mark for eau de cologne got an injunction against a manure collector who used his telephone number, 4711, painted in 20-inch high numerals across both sides of his horse-drawn fertilizer wagon."33 This case should clearly put the reader on the right scent.

30 William (Grant & Sons Ltd. v. McDowell & Co., (1994) FSR 690, 712.
33 Derenberg, The Problem of Trade mark Dilution and the Anti Dilution Statutes, 44 CAL REV 439, 448 (1956).
Thus, these examples drawn from decided cases illustrate the type of harm that is sought to be prevented. However, the Indian response to dilution prevention has been given a very specific shape and form under the Act and it is to establish these boundaries that we must now turn our attention.

III. THE BARE BONES: A NEW STATUTORY FRAMEWORK FOR INFRINGEMENT

In order to appreciate the expansive scope of the new standards, an overview of the relevant provisions of the 1958 Act is necessary. In a nutshell, the grounds for claiming infringement were based on a likelihood of confusion and also limited to the specified class of registered goods. In delinking the trade mark from its registered goods and services and doing away with the likelihood of confusion requirement in certain situations, the new provisions appear to significantly extend the proprietary rights of registered trade mark owners. As regards the possibility of protecting a registered mark used by alleged infringers on products not within the goods specified in the registration, the proprietor was left to the vagaries of passing off with its significant evidential burden. Within the registration regime, those who were tempted to register their mark for a wide range of goods ran the risk of an application being made by a person aggrieved, to have the mark removed from the register on the grounds that there had been no bona fide intention to use the mark in respect of some or all of the goods or services, or alternatively, that there had been an uninterrupted period of five years of non-use. The only other option was a limited blocking tactic; a defensive registration for well-known marks, in other classes of goods, which was excluded from these use-related requirements. However as experience has shown, the problem with defensive registration has been that the applicant bears the onus of establishing that the public would be likely to suppose that the other goods for which the defensive application is made are connected in the course of trade with the goods for which registration has already been obtained. Thus the possibilities for protecting a mark across the spectrum of possible goods remained limited from within a registered trade mark perspective.

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34 See, Section 29 of the 1958 Act.
35 See, Section 29 of the new Act.
36 See, Section 46 of the 1958 Act.
37 As per Section 47 of the 1958 Act.
Under Section 29 of the new Act, infringement can be analytically categorised depending upon the presence or absence of a confusion standard coupled with the degree of similarity of the marks and the similarity between goods and services. Thus:

(i) The former test for infringement has been retained and Section 29(1) mirrors its predecessor:

"29. (1) A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or a registered user thereof using by way of permitted use, uses in the course of a trade mark which is identical with, or deceptively similar to, the trade mark, in relation to any goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark."

Thus Section 29 envisages two possibilities. Where the two marks are identical and the allegedly infringing goods are the same as those specified in the registration, arriving at a conclusion of infringement is fairly straightforward. However, where the two marks are not identical, the plaintiff will have to establish that the allegedly infringing mark so nearly resembles her mark that it is likely to deceive or cause confusion. Clearly a confusion or deception requirement is maintained and case law under the 1958 Act continues to have direct relevance.

(2) The innovation begins with the introduction of additional grounds for infringement to cover "same or similar" goods while retaining a confusion requirement. Section 29(2) of the Act deals with situations where:

(a) an identical mark used in relation to similar goods;

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38 The same logic will of course apply to services under the new Act. For the purposes of clarity, the arguments presented here are restricted to goods but services should be read in wherever appropriate.

39 In such situations where the marks are not identical, passing off principles may be resorted to. See, Ruston & Hornsby Limited v. Zamindara Engg. Co., AIR 1970 SC 1649 (Supreme Court of India).

40 For the authoritative formulation of this by the Supreme Court, see, Durga Dutt Sharma v. Navaratna Pharmaceuticals Laboratories, AIR 1965 SC 980 (Supreme Court of India).

41 See, Section 29(2)(a) of the Act.
(b) a similar mark used in relation to the same or similar goods;\textsuperscript{42} and

(c) an identical mark used in relation to identical goods.\textsuperscript{43}

The last situation is the easiest to dispose of. In such situations, as seen already in Section 29(1), the courts can safely presume consumer confusion without it having to be proved.\textsuperscript{44} However, in both clauses (a) and (b), the plaintiff will have to prove that use in the course of trade of such a mark is “likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.” This in turn raises the following questions:

\textbf{(a) What is meant by a similar mark?}

The notion is a familiar one in Indian trade mark jurisprudence as various courts have considered the meaning of “deceptively similar” under the 1958 Act.\textsuperscript{45} Thus in \textit{Amritdhara}\textsuperscript{46} the perspective from which to view similarity was that of an “unwary purchaser of average intelligence and imperfect recollection” and in \textit{Hiralal},\textsuperscript{47} which contains an instructive summary of the parameters for judging similarity, “overall similarity”, instead of a detailed side-by-side comparison, was regarded as the touchstone. There is a fairly comprehensive body of case law to draw upon in this regard.\textsuperscript{48}

\textbf{(b) What is meant by similar goods?}

This involves a foray into relatively unknown territory on the Indian trade mark map. The 1958 Act predominantly considered situations where the goods were the same as those specified in the registration.\textsuperscript{49}

\textsuperscript{42} See, Section 29(2)(b) of the Act.

\textsuperscript{43} See, Section 29(2)(c) of the Act.

\textsuperscript{44} Specifically mandated in Section 29(3).

\textsuperscript{45} See, Section 2(d) which defines a mark as being deceptively similar “if it so nearly resembles that other mark as to be likely to deceive or cause confusion”.

\textsuperscript{46} Amritdhara v. Satya Deo Sharma, AIR 1963 SC 449 (Supreme Court of India).

\textsuperscript{47} Hiralal Parbhudas v. Ganesh Trading Company, AIR 1984 Bom 218, 220 (High Court of Bombay).

\textsuperscript{48} For a more detailed understanding, see, Chapter 17 of P. Narayanan, \textit{The Law of Trade Marks (Trade Marks Act 1999) & Passing Off} (5th Ed., 2000).

\textsuperscript{49} The notion of “similar goods” only appeared in Section 39 of the 1958 Act which placed restrictions on assignment or transfer of marks which would result in a likelihood of confusion.
The usual fall back of drawing upon passing off principles may not be as useful in this case as the courts have long since abandoned the "common field of activity" i.e. a same or similar goods or services requirement, as a necessary condition for finding infringement.50 Thus in principle passing off would equally apply to cases of same, similar and dissimilar goods as long as its requirements are satisfied although in practice the similarity of goods would make it easier to establish that a misrepresentation is being made. Bearing these limitations in mind, useful insight may be gained from the United Kingdom experience, given the similarity of the statutory framework. This will be taken up in the next section.

(c) What is meant by "likely to have an association"?

Section 29(2) concerns a mark which is "likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark." It appears to present two distinct possibilities; namely, that (a) the use of the mark results in confusion; and (b) the use of the mark results in an association in the minds of consumers with the registered mark, which does not cause confusion but should nonetheless be prohibited. Such a reading of the provision, although literally precise, does not appear to be purposively valid. These two possibilities become more distinct when compared with the equivalent provision of the Trade Marks Act, 1994 of the United Kingdom.51 Here there is infringement where "there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark." Association is subsumed within confusion; it must lead to confusion in order to result in infringement and is not a stand-alone ground. This has been elaborated in various United Kingdom52 and European53 cases.

Additional reassurance may be sought from the similarly worded provisions concerning the relative grounds for the refusal of registration of a trade mark.54 Here it appears that wiser counsel prevailed and

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50 See for example, Ellora Industries v. Banarsi Das Goela, AIR 1980 Del 254 (High Court of Delhi).
51 The equivalent infringement provision is Section 10(2), Trade Marks Act, 1994.
52 See for example, Wagamama Ltd. v. City Centre Restaurants, (1995) FSR 713.
54 See, Section 11(i) of the Act. In trade mark jurisprudence there are many parallels between relative grounds for refusal of registration of a mark (generally in situations where another mark has a better claim) and infringement provisions. Thus, there is a continuous cross-fertilization of principles between these two areas.
registration is refused where “there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.” The alternative i.e. mere association between two marks, regardless of the distinctiveness or repute of the registered mark resulting in infringement, leads to extremely broad protection being given to even pedestrian and ordinary marks. Surely this cannot have been the intention.

(3) Finally, the most expansive protection, specifically against dilution, is introduced in Section 29(4) of the Act which reads as follows:

“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.”

Thus while the mark must be the same or similar to the registered mark, the provision only applies in cases where the goods are dissimilar. This flows directly from Schechter’s “Rolls-Royce” example discussed above, highlighting the need to protect the erosion of goodwill by allowing the indiscriminate use of the same or similar mark on disparate goods and making the link between theory and practice. In order to determine when goods are dissimilar, it may be helpful to first determine when goods are similar, as mandated by Section 29(2) and then apply this negatively.

However, the two most intriguing aspects of the provision are found in sub-clause (c). They give rise to the following questions.

(i) What is meant by a trade mark having a “reputation”?  

This is a threshold level enquiry in order to activate the protection provided here. Thus it is of critical importance to determine when a
mark would qualify for such strengthened protection and neither the Act nor the 1958 Act provide any direct guidance as to its meaning. When seeking answers to infringement related questions, courts would naturally look to similarly worded provisions concerning the relative grounds of refusal for registration of a trade mark. However here a surprise awaits them for although Section 11(2) is otherwise similarly worded, the entity being considered is a “well-known trade mark”.

If such a mark has been registered for, say class 2 products which include paints, lacquers and varnishes and someone wishes to register the same or a similar mark for class 10 goods which includes surgical, medical and dental apparatus, she could now be prevented from doing so.

In fact the “well-known trade mark” is well provided for in the Act as far as registration is concerned. It is defined in Section 2(l)(zg), not only in terms of being known to a “substantial segment” of the relevant public but an additional requirement is that it must cast such a long shadow that use of such a mark on other goods and services would imply a connection in the course of trade. The Registrar is provided with statutory guidelines for making the determination of whether a mark is well-known or not in Section 11(6) and further guidelines are provided for determining whether a trade mark is known or recognised by a relevant section of

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55 Section 11(2) reads, “A trade mark which (a) is identical with or similar to an earlier trade mark; and (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered in the name of a different proprietor shall not be registered if or to the extent the earlier trade mark is a well-known trade mark in India and the use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trade mark.”

56 The classes are specified in the Fourth Schedule to the Trade Mark Rules, 2002.

57 Section 2(l)(zg) reads, “Well-known trade mark’, in relation to any goods or services, means an mark which has become so to the substantial segment of the public which 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.”

58 Section 11(6) reads, “The Registrar shall, while determining whether a trade mark is a well-known trade mark, take into account any fact which he considers relevant for determining a trade mark as a well-known trade mark including—

(i) the knowledge or recognition of that trade mark in the relevant section of the public including knowledge in India obtained as a result of promotion of the trade mark;

(ii) the duration, extent and geographical area of any use of that trade mark;

(iii) the duration, extent and geographical area of any promotion of the trade mark, including advertising or publicity and presentation, at fairs or exhibition of the goods or services to which the trade mark applies;

(iv) the duration and geographical area of any registration of or any application for registration of that trade mark under this Act to the extent they reflect the use or recognition of the trade mark;
the public in Section II (7). Additionally, where a trade mark has been determined to be well-known in at least one relevant section of the public in India by any court or Registrar, the Registrar shall consider that trade mark as a well-known trade mark for registration under this Act. Finally, restrictions are placed upon what a Registrar can demand of such a mark while determining its “well-known” status, such as excluding the requirements that it should have been registered or used in India and the Registrar is actively encouraged to bear in mind the interests of well-known marks during registration and opposition proceedings in general.

Yet despite such benign treatment towards “well-known marks”, the statute remains strangely reticent about the status of a mark with a “reputation” and we must look elsewhere for guidance on this point. While both concepts have been referred to in passing off cases, there does not appear to be any clear demarcation between the two and passing off will be examined in greater detail subsequently in this article. An alternative basis for drawing a distinction may be found in Mostert’s comprehensive and comparative work on the international protection of well-known marks. This species of mark is not new and was first incorporated into the Paris Convention in 1925. Given the territorial nature of trade marks, equity demanded that the effort and investment in developing a mark should be respected despite the fact that it was not protected via registration in a particular jurisdiction i.e. it tried to establish a trans-border reputation without proving traditional “use” in that jurisdiction. Such logic is all the more compelling in a globalized world with international media channels. Various labels have been used for such high-profile marks, such as “famous marks”, “well-known marks”

(69) the record of successful enforcement of, the rights in that trade mark, in particular, the extent to which the trade mark has been recognised as a well-known trade mark by any Court or Registrar under that record.”

69 Section 11(7) reads, “The Registrar shall, while determining as to whether a trade mark is known or recognised in a relevant section of the public for the purposes of sub-Section (6), take into account (i) the number of actual or potential consumers of the goods or services; (ii) the number of persons involved in the channels of distribution of the goods or services; (iii) the business circles dealing with the goods or services to which that trade mark applies.”

60 See, Section 11(8) of the Act.

61 This appears to have been done to enable protection for international or foreign marks. See, Section 11(9) of the Act.

62 See, Section 11(10) of the Act.


64 See, Article 6 bis of the Paris Convention for the Protection of Industrial Property, 1883. The link to the Paris Convention as the benchmark is maintained in Articles 16(2) and (3) of TRIPS. However, Article 6bis is once again restricted to a “same or similar goods” situation and a requirement as to confusion.
and "marks with a reputation". Mostert's analysis suggests a descending scale, so that establishing that a mark is "well-known" would be a higher evidentiary threshold than establishing that a mark has a "reputation". According to this understanding it would require detailed evidence of fame as stipulated by Section 11 above but a lesser evidentiary standard to invoke the same anti-dilution protection for infringement in Section 29. In order to avoid such a result, some guidance may be obtained from the Trade Mark Rules, 2002. In particular, Rule 48(b)(vi), which specifies what notices for opposition to registration must contain, appears to equate the concepts of "well-known" and "reputation". This appears to be the more favourable approach as detailed guidelines are provided for determining what qualifies as "well-known" and a higher threshold of fame and distinctiveness is to be preferred, especially when conferring a strong degree of protection. The mark must be made to earn this broader protection if it detaches itself from a confusion requirement.

(ii) What is the harm envisaged in Section 29(4)(c)?

Infringement is triggered here where 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." Thus there are four alternatives to be considered, where use of the mark without due cause would:

(a) take unfair advantage of the distinctive character or repute of the earlier trade mark; or

(b) be detrimental to the distinctive character or repute of the earlier trade mark.

As it is a new ground, guidance may be sought from Justice Neuberger's decision in *Premier Brands UK Ltd. v. Typhoon*, which was the first to

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65 In Europe, the test for reputation is that the earlier mark is known by "a significant part of the public concerned by the products or goods covered by the trade mark." See, General Motors Corp. v. Yplon SA, (1999) All ER (EG) 865.

66 MOSTERT, supra note 63, at ¶¶17-23.

67 Rule 48(b)(vi) reads, "Where the goods or services in respect of which earlier mark has been registered or applied for or in respect of which the earlier mark is well known within the meaning of Sub-Section (2) of Section 11 or has a reputation within the meaning of that Section the opponent shall when indicating all the goods or services for which the earlier mark is protected, also indicate those goods or services on which the opposition is based." (Emphasis added.)

consider infringement under Section 10(3) of the United Kingdom Act which is the comparable provision to Section 29(4) of the Act. It is to be noted that while the case discusses at length the interpretation of Sections 10(2) and (3), ultimately the plaintiffs failed on the facts, on both confusion and dilution grounds. The plaintiff markets an extremely well-known brand of tea — "Ty.Phoo" — in the United Kingdom and the respondents sought to market kitchenware hardware under the name "Typhoon". Before specifically considering the nature of the harm, other useful observations of the court included:

(a) "(I)t does appear to me that dilution is a useful concept to bear in mind when considering the application of Section 10(3) to a particular set of facts ... However, while dilution is a useful concept to bear in mind, it does not necessarily follow that every case of infringement under Section 10(3) will necessarily involve dilution, nor does it follow that the proprietor of a mark will necessarily succeed in establishing infringement under Section 10(3) in every case where he establishes dilution."  

(b) "It appears tolerably clear to me from the terms of Section 10, that confusion is not a necessary ingredient to establishing infringement under Section 10(3). Indeed, this now seems to be established by authority."  

(c) "Mr Arnold contended that the effect of Section 10(3) was that the stronger the distinctive character and reputation of a particular mark, the easier it would be to establish detriment to it. In my judgment, that is a good point."  

(d) "(f)inally, it is right to mention that ... Section 10(3) is not intended to have the sweeping effect of preventing the use of any sign which is the same, or similar to, a registered trade mark with a reputation; nor is Section 10(3) intended to enable the proprietor of a well known registered mark to be able

to object as a matter of course to the use of a sign which may remind people of his mark.”\(^\text{72}\)

As regards the precise nature of the harm envisaged, the court observed that:

(a) The meaning of the phrase “without due cause” was somewhat opaque. While rejecting the argument that it effectively means “in good faith” or “for good and honest commercial reasons”, the Judge felt that it really represents a “proviso or exception to the generality of Section 10(3)”.\(^\text{73}\) In those circumstances, if an alleged infringer wished to rely on those words, they must establish that it falls within the exception, rather than the proprietor of the mark having to establish that the proviso does not apply.

(b) On the facts (e.g. through consumer surveys) the plaintiff did establish an “association” between the two brands for at least some members of the public However these were not sufficient grounds from which to infer harm; there has to be some detriment suffered.\(^\text{74}\)

(c) Both the usual suspects i.e. blurring\(^\text{75}\) and tarnishing\(^\text{76}\) were valid categories when trying to identify the harm caused to the mark, but were not established on the facts in this case.

The general impression gained from this and other decisions\(^\text{77}\) is that the existence of dilution is not to be presumed lightly. Such a pragmatic


\(^{77}\) See for example, Oasis Stores Ltd.’s Trade Mark Application, (1998) RPC 631; Baywatch Production Co. v. Home Video Channel, (1997) FSR 22. However, in the latter case a “likelihood of confusion” requirement was read in to Section 10(3) as well and as there was
approach has earlier this year been endorsed by the United States Supreme Court in its landmark decision in Victor Moseley and Cathy Moseley, dba Victor's Little Secret v. V Secret Catalogue, Inc.,78 which held that the Federal Trademark Dilution Act ("FTDA") required proof of actual dilution of a famous mark as a prerequisite for relief. This rather revealing decision resolved a split among the Circuits as to whether "actual dilution" or a "likelihood of dilution" was required under the FTDA.79

Finally similar grounds are found in Section 29(8) which contemplates infringing use of a mark in advertising.80 The Delhi High Court has recently considered such a situation in a comparative advertising interim injunction application under the 1958 Act, between Pepsi and Coke81 where it was squarely alleged that dilution through disparagement and not consumer confusion was the concern.82 Pepsi alleged that Coke's commercially disparaged their goods (for example, by referring to a soft drink called "Pappi") and infringed their trademarks and copyright in the mark Pepsi, the "Globe Device" and the phrase "Yeh Dil Mange More". The court, it is submitted, took a robust view of modern advertising and rightly rejected such an expansive approach to infringement under the 1958 Act but it remains to be seen how the new provisions will operate.83 It is always questionable wisdom to let trade mark law regulate advertising standards too rigidly.

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78 65 USPQ 2d 1801 (2003). In this case the famous lingerie brand "Victoria's Secret" had sued the appellants who owned a shop (initially called Victor's Secret and subsequently changed to Victor's Little Secret) which sold, amongst other items, adult videos, sex toys, adult novelties and men's and women's lingerie.

79 Yet this still begs the question as to what the phrase "causes dilution" really means and how it is to be proved. The decision offers only limited guidance in this regard.

80 Section 29(8) reads, "A registered trade mark is infringed by any advertising of the trade mark if such advertising—
(a) takes unfair advantage of and is contrary to honest practices in industrial or commercial matters;
(b) is detrimental to its distinctive character; or
(c) is against the reputation of the trade mark."


82 Id at ¶ 16.

83 Some guidance may be had from Section 10(6) of Trade Marks Act 1994 which also regulates comparative advertising situations; see, British Airways Plc v. Ryanair, (2001) FSR 32. However Europe also has a separate comparative advertising regime established by Council Directive 97/55, amending Directive 84/450 concerning misleading advertising so as to include comparative advertising.
IV. FLESHING OUT THE LEGISLATIVE SKELETON

The new Act shares many underlying principles and even the precise wording of provisions with the United Kingdom Act of 1994. Thus bearing in mind the caveat that the change of legal context must always be considered, English authorities often have persuasive value and are regularly cited in Indian decisions. This caveat is all the more relevant as much of United Kingdom trade mark jurisprudence is, in turn, influenced by European legislation and interpretative decisions of the European Court of Justice ("ECJ") in the context of the common market. Thus any such conceptual transplants must always be modified to suit local needs. Against this backdrop, there are two related developments in United Kingdom and European Union law which could impact the interpretation of Section 29(4) of the Act.

A. What is meant by “dissimilar goods”?

This question was raised in the previous part of this article and an attempt will now be made to explore the interpretative options available. It is an important phrase as, according to the literal wording of Section 29(4), the anti-dilution protection in this section only applies to “dissimilar goods”. A useful starting point would be to determine what “similar goods” are. This phrase has a resonance with “same description of goods” under the 1958 Act and there appears to be reliance on English authorities which held that “same” was not used to denote “a replica or exact copy” and could thus be extended to “similar” goods as well. Such a comparison between two sets of goods is always one of fact and the factors to be considered included:

(a) The nature and composition of the goods;
(b) Their respective uses and functions; and
(c) The trade channels through which they are bought and sold.

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84 See for example, J.N. Bagga v. All India Reporter Ltd., AIR 1969 Bom 302 (High Court of Bombay); American Home Products Corp. v. Mac Laboratories Ltd., (1986) 1 SCC 465 : AIR 1986 SC 137 (Supreme Court of India).
85 See Section 12(1) which was the corresponding provision to Section 11 in the new Act.
86 Section 12(1) of the 1958 Act was based on Section 12(1) of the United Kingdom's Trade Marks Act, 1938.
87 Daiquiri Rum TM, (1969) RPC 600, 613.
88 Daiquiri Rum TM, (1969) RPC 600, 613 at 613, 615, 620.
However, the question of whether to compare only the goods in question or to make the assessment in the context of a "global comparison" regarding the similarity of the marks as well is one which is still being debated. The former approach was adopted in the British Sugar case\(^9\) where it was held that the similarity of goods was a separate issue which must be established before moving on to consider the likelihood of confusion. The relevant factors in considering similarity were a comparison of the use, users and physical nature of the plaintiff's and defendant's goods, the way in which they were sold and the extent to which they were competitive.\(^9^0\) The latter approach has been adopted by the ECJ\(^9^1\) and will possibly have an impact in future United Kingdom law. The "global appreciation test" is a direct result of the wording of Recital 10 to the Trade Marks Directive, which lists the factors to be taken into account in determining a mandatory European standardised approach to likelihood of confusion. The ECJ has often stated that there is an "interdependence of factors",\(^9^2\) such that the strength of the senior mark can have a bearing on the similarity of the goods, so that goods which appear, when considered in isolation, to be dissimilar may be treated as similar. It is submitted that the former approach is the preferable one and could more easily be integrated into pre-existing Indian jurisprudence.

B. A possible logical lapse in Section 29?

There has been considerable academic debate\(^9^3\) regarding a so-called "logical lapse" within Section 10 of the Trade Marks Act, 1994, to which Section 29 closely corresponds. This lapse has two limbs:

(i) Under Section 10(2), the registered proprietor can sue for infringement where the same or similar sign is used in relation to the

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89 British Sugar Plc v. James Robertson & Sons Ltd, (1996) RPC 281. (This decision held that "Silver Spoon Treat" for dessert sauces and syrups was not similar to "Robertson's Toffee Treat", a sweet spread that was part of a range of jams and preserves.)
90 British Sugar Plc v. James Robertson & Sons Ltd, (1996) RPC 281. (This decision held that "Silver Spoon Treat" for dessert sauces and syrups was not similar to "Robertson's Toffee Treat", a sweet spread that was part of a range of jams and preserves) at 296-297.
same or similar goods or services in circumstances where there exists a likelihood of confusion on the part of the public. The first alleged defect is that this does not cater for situations where a defendant uses a same or similar mark on dissimilar goods and where there is a likelihood of confusion. However, in the light of the ECJ’s “global appreciation test” discussed above — where a strong mark can cause goods which would otherwise appear dissimilar to be treated as similar in the context of determining confusion — this limb does not pose as much of an obstacle as it once did in the European context. In the Indian litigation arena, as will be demonstrated in a later part of this article, passing off can fill such a gap as regards confusing use on dissimilar goods. It remains to be seen how this will evolve in the registered trade mark context.

(ii) However, for the purposes of an enquiry into dilution, the second limb of this logical lapse is far more relevant. Section 10(3) provides for an infringement action to lie where there is use of the identical or similar sign on dissimilar goods or services, provided that the registered mark has a reputation, is being used without due cause and its use takes unfair advantage of or is detrimental to the distinctive character or repute of the registered mark i.e. dissimilar goods are an important prerequisite to trigger a dilution remedy. There appears to be no protection against the use of a same or similar mark which is used on identical or similar goods absent any likelihood of confusion i.e. in a “dilution” context. Norman explains that “the risk for the trade mark owner in this latter gap in the protective wall is the possible genericisation of the mark, such that if a particular name or logo becomes commonplace in the trade, it is liable to revocation”.94 The ECJ recently had occasion to address the issue when considering the scope of the optional Article 5(2) of the Trade Marks Directive upon which Section 10(3) is based.95 The court reasoned that Article 5(2) should not be interpreted solely on the basis of its wording but also in “the light of the overall scheme and objectives of the system of which it (formed) a part”. In view of these objectives, Article 5(2) could not be given an interpretation which would lead to well-known marks receiving less protection where the infringing sign was used for identical

or similar goods than where it was used for non-similar goods. The well-known mark ought to enjoy protection against its use on identical or similar goods which was at least as extensive as where it had been used in relation to dissimilar goods or services. Thus the court has stretched the interpretation well beyond the literal wording of the Directive and gone against the opinion of the Advocate-General who preferred a more literal interpretation.96

Yet a plausible argument is offered by Michael Spence as to why this so-called "gap" in protection actually makes sense. He posits that Sections 10(2) and 10(3), "at least on their face ... operate in quite different contexts. Section 10(2) potentially regulates the behaviour of rival traders in the same market. Section 10(3) potentially regulates the behaviour of traders operating in different markets."97 His justification focuses on the notion of "substitutability" as central to the competitive process. Products must be allowed to signal that they are substitutable with and can compete against existing products in the same market segment. By extending the possibility of dilution-level protection to same or similar products as well, this may cripple a product's ability to do this. Spence argues that:

"(u)necessarily to restrict a trader's ability to signal substitutability is to create significant barriers to entry and unfairly to privilege the position of those with an existing market presence. Provided allusion to existing products does not create confusion, the trader has a legitimate interest in positioning her product in the market by reference to existing products."98

Thus any such attempts to extend dilution protection to same or similar products in the context of Section 29 must respond to such a concern which protects the interests of both legitimate rival producers and consumers who desire a competitive market.

98 Id.
V. THE POSSIBILITIES WITHIN PASSING OFF

Norma Dawson has captured the relationship between passing off and the registered trade mark system vividly in the following phrase: "Alone of the various intellectual property rights, trade marks enjoy a common law hinterland where many of the principles eventually incorporated in trade mark legislation have been first developed." 99

Even the most casual perusal of the Indian law reports shows that most trade mark infringement actions are twinned with passing off actions as well. The three essential elements, the "classical trinity", of the action have been identified as: 100

(a) goodwill associated with the plaintiff's mark;
(b) a misrepresentation or deception; and
(c) the resultant damage (or the likelihood of damage) to the plaintiff's goodwill or reputation.

However, there are important distinctions between the two. For a registered trade mark, the property that is sought to be protected is an exclusive statutory right whereas passing off is based on property in goodwill. Thus a registered mark infringement action may not require a confusion/deception element (e.g. an identical mark on identical goods or in dilution situations) but deception and misrepresentation lie at the heart of passing off. 101 On the one hand passing off is wider and more flexible, giving protection to all the means by which the claimant's trade or goods may be identified with her, and not just those which she has managed to get registered. Nevertheless, it is also more onerous, in the sense that the claimant must prove her reputation and that the defendant's activities involve a false representation damaging to the claimant's goodwill. Despite these additional evidentiary requirements, passing off has evolved to provide effective protection against dilution, particularly in the context of

101 The authoritative acknowledgement of the differences between the two types of actions is found in Durga Dutt Sharma v. Navaratna Pharmaceuticals Laboratories, AIR 1965 SC 980, 990 (Supreme Court of India).
well-known marks. When looking at these developments from a dilution oriented perspective, three trends become apparent:

(i) The notion of a separate category of well-known marks arose initially from the need to establish a trans-border reputation in a particular jurisdiction when there may not have been an actual business establishment or trade mark use in the traditional sense in that jurisdiction. This allowed hurdles in proving goodwill in that jurisdiction to be overcome, if that mark was sufficiently famous and this would help satisfy the first element of the “classical trinity”. The Indian courts have rejected the logic that in order to succeed in passing off, the plaintiffs must prove that business activities are carried out in that jurisdiction and the presence of a reputation in India is sufficient to generate goodwill. Additionally, the courts have developed various criteria for recognising well-known marks which could usefully supplement the criteria discussed above in the context of Sections 11(6) and (7).

(ii) The courts have accepted that for well-known marks, erosion of distinctiveness i.e. a form of dilution, is a genus of damage which can be considered under the third limb of the passing off test. The William Grant Scotch whisky decision of the Delhi High Court, which refers to Taittinger is the authority for this proposition.

(iii) Finally well-known trademarks have been protected even in relation to dissimilar goods. In the Benz case, the defendants were restrained from using the mark “Benz” on undergarments despite the minimal likelihood of confusion between such products and high quality automobiles. More recently, in the Honda decision, the well-known Japanese car and motorcycle giant successfully prevented the defendants from using “Honda” on their pressure cookers. The argument that the

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103 For a scholarly and succinct summary, see, P. Anand, India: Well-known Trade Marks, in, F.W. MOSTERT, FAMOUS AND WELL-KNOWN MARKS 303, 305 (1997).


107 Daimler Benz Aktiengesellschaft v. Hybo Hindustan, AIR 1994 Del 239 (High Court of Delhi).

goods were neither allied nor cognate was rejected in the light of the evolution of the tort of passing off to cover dilution situations as well, where the harm was no longer restricted to confusion in the case of the same or similar goods.109

While these developments trace the progression of passing off to keep pace with the needs of traders and show that it can conceptually encompass dilution as a recognised type of damage, at the same time it must be remembered that the element of misrepresentation also lies at its heart. It has not yet developed into a free-floating tort of unfair competition which prevents any sort of misappropriation. This anchoring was reassuringly evident in the recent Cricket World Cup “ambush marketing” case.110 The plaintiffs were a company set up to own and control all commercial rights relating to International Cricket Council events including the World Cup. The second defendant Philips had launched an advertising campaign offering Cricket World Cup tickets as prizes, using the slogans “Philips: Diwali Manao World Cup Jao” and “Buy a Philips Audio System win a ticket to the World Cup”, as well as inserting a pictorial representation of a ticket with an imaginative seat and gate number saying “Cricket World Cup 2003” in the advertisement. It was alleged inter alia that the defendants were misrepresenting their association with the plaintiff and the World Cup, by advertisements in the media and by using these slogans with the intention to unlawfully derive the commercial benefit of association with the plaintiff and the World Cup, thereby seeking to piggyback on the reputation of the plaintiff. It was further pleaded that the defendants’ actions were guided by the sole intent of damaging the reputation of the plaintiff and the authorised sponsors of the event, who were engaged in the same line of business as the defendants. It was also pleaded that the defendants resorted to “ambush marketing” to take advantage of the World Cup without investing a single rupee towards its success.

Factors which the court considered were the generic nature of the term “World Cup”111 and the strong likelihood that viewers would not be confused into thinking that the defendants were sponsors of licensees

of the event.\textsuperscript{112} There was also no deceit or misrepresentation involved in "ambush marketing" (a term relegated back to the advertising world whence it came from), which meant that the conditions for passing off could not be satisfied.\textsuperscript{113} Finally such use of terms like "Cricket World Cup" would be well within the ambit of descriptive or fair use.\textsuperscript{114} Reading between the lines one is led to the conclusion that mere association does not qualify as dilution — specific harm to a mark needs to be established. Thus the ad-interim relief was not granted in this case.

VI. NOT A CONCLUSION

The new Trade Marks Act of 1999 was introduced without any real legislative deliberation regarding the parameters or consequences of such expanded infringement.\textsuperscript{115} The purpose of this article has been to attempt to frame the debate, keeping in mind existing Indian trade mark jurisprudence, highlighting underlying policy issues and identifying possible reference points drawn from a comparative analysis. In the process the arguments have eschewed an ivory tower approach as to whether dilution ought to be incorporated into trade mark law at all — the challenge is to work with the law as it currently exists.

The author is well aware of Indian market realities and the widespread prevalence of counterfeit and spurious products. Pharmaceutical products are a compelling example of the need for an effective trade mark law to act as a filter against fakes.\textsuperscript{116} However consumer confusion as a ground for infringement would amply serve the interests of both brand owners and consumers in this regard. The normative stance adopted in this article, which advocates caution, results from the dilution doctrine separating

\textsuperscript{112} ICC Development (International) Ltd. v. Arvee Enterprises, (2003) 26 PTC 245 (Del) \textsuperscript{9} (High Court of Delhi).

\textsuperscript{113} ICC Development (International) Ltd. v. Arvee Enterprises, (2003) 26 PTC 245 (Del) \textsuperscript{10} (High Court of Delhi).

\textsuperscript{114} ICC Development (International) Ltd. v. Arvee Enterprises, (2003) 26 PTC 245 (Del) \textsuperscript{11} (High Court of Delhi).


\textsuperscript{116} The relevant parliamentary Debates are available at http://www.parliamentofindia.nic.in/isdeb/isdeb/htm (visited on November 1, 2003). Far more emphasis appears to have been placed on geographical indications related concerns in the Trademark Bill rather than substantive trade mark law issues.