



## THE RELATIONSHIP OF FEDERAL ACT TO STATE DILUTION LAW

## Law

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## ABSTRACT

In Trademark dilution, **Federal Trademark Dilution Act** of 1995 creates a cause of action. In difference to trademark Infringement law, that requires an appearing of perplexities in the brains of purchasers about the source or partner of merchandise and ventures. Weakening law secures the unmistakable quality as well as the selling intensity of the trademark, regardless of whether shoppers are not in disarray. The **Fourth Circuit Court of Appeals**, highlight the rule's prerequisite that the litigant's trademark "**causes weakening**" of the unmistakable nature of a built up trademark, proof is required of a genuine modest of the set up trademark's selling power. The **Second Circuit Court of Appeals** takes the resolution to require only a probability of weakening, and has held that fortuitous proof of likely weakening enough to demonstrate an infringement. This note asserts that Fourth circuit's understanding is increasingly reliable with the content of the statute and with open enthusiasm for Trademark law. This article examines the doctrine of dilution in India and USA and their impacts on Federal act. It talks about the marks which are protected against dilution. It also covers the cause of action arising out of dilution. This article is divided in six parts, viz. Doctrine of dilution, Federal Act which talks about the statutes formed under the act and its origin, marks protected against dilution, cause of action and remedies.

## KEYWORDS

Famous marks, Federal act, distinctiveness of marks, Trademark, infringement of trademarks, blurring, tarnishment.

## INTRODUCTION

The **Lanham Act** (also known as Trademark act)<sup>1</sup> was expanded by the **Federal Trademark Dilution Act, 1995**<sup>2</sup> with the scope of right granted to famous and distinctive trademark. Basically the normal trademark infringement is different from dilution as there is no need to prove a likelihood of confusion to protect a mark. Dilution defines as the "the lessening of the capacity of a famous mark to identify and distinguished goods and services, regardless of the presence or absence of competition of the famous mark likelihood of confusion, mistake and deception" by the third party causing the dilution of the 'distinctive quality' of the mark.

Dilution occurs where the trademark is used by someone other than its owner impairs the mark distinctiveness, whether or not the mark is used on a competing product or in a way that is likely to cause confusion in the mind of customer.<sup>3</sup>

For example, if someone occurs than the **NIKE** corporation marketing shoes under the mark **NIKE**, customer would probably be confused, because customers have come to associate with **NIKE** shoes with the specific source and probably believe that any **NIKE** shoes may be display from that source. If however another company started marketing **NIKE** brand guitar, there might be little or no customer confusion, because customer would probably recognize that **NIKE** is unlikely to branch into guitar business or use its shoes brand name on guitar. So customer would probably recognize that **NIKE** guitar come from different source. However, the **NIKE** guitar might still harm **NIKE**, because it would lessen the strong associate, which the company has spent billions of dollar creating. Between the word **NIKE** and shoes. Some customer, upon seeing the mark **NIKE**, would no longer instantly think of guitar instead. This lessening of the association between **NIKE** and shoes is trademark dilution.

## Doctrine of Dilution

For better assurance of exchange marks for merchandise and ventures and for the avoidance of the utilization of deceitful imprints, parliament canceled the 1958 Act and replaces it by the **Trade Marks Act, 1999**. Under **Trade Marks Act, 1999**<sup>4</sup> Trademark weakening was presented. Trademark weakening is a trademark law idea giving the proprietor of a popular or understood trademark capacity to preclude others from utilizing the imprint in a way that would decrease its uniqueness. To confound the general population, an unapproved client makes comparative characteristics of the well-known trademarks. To stop this, Trademark Dilution is the idea to offer capacity to the acclaimed proprietor of the trademarks.

Weakening of a Trademark is a surface of Trademark encroachment,

where the proprietor of an outstanding trademark has the ability to keep others from utilizing their blemish on the ground that it slaughters their uniqueness or diminish their notoriety. For all intents and purposes, No one has the privilege to duplicate a notable trademark or to abuse the outstanding trademark's notoriety. Rather, weakening insurance means to ensure adequately solid and surely understood trademarks from losing their solitary relationship in the open personality with a specific item.

The probability of perplexity is the test that responds to the subject of whether the new client's utilization or propagation of a trademark makes a probability of disarray among buyers with regards to the wellspring of the new client's products to such an extent that encroaches the outstanding client's rights. In this way, the principle of weakening comes straightforwardly in contact with shoppers.

## ITC v Philip Morris Products SA &amp; Others

This case gives a decent comprehension of the trademark weakening reason for activity in India. High Court while alluding to segment 29(4) of the **Trade Marks Act, 1999** held a weakening reason for activity set up if the accompanying basic components are fulfilled:

- The denounced mark is indistinguishable or like the notable imprint
- The surely understood or the harmed imprint has a notoriety in India
- The utilization of the condemned imprint is without due reason
- The utilization of the criticized imprint adds up to exploiting or is inconvenient to the unmistakable character or notoriety of the enlisted trademark.

The utilization of "Namaste" logo by ITC on its cigarettes turned into the purpose behind ITC's misfortune against Philip Morris. The High Court saw that not just utilization of Namaste logo close by the Welcome Group trademark yet additionally that the nonuse of such logo on the cigarette packs makes the trademark weakening case raised by ITC non-sustainable.

The Court saw that ITC never utilized the blemish on the cigarettes and that the acclaim of the ITC imprint couldn't be reached out to mid to expensive cigarettes; in this way the trademark weakening reason for activity can't endure.

There is a qualification between the judgment of Indian courts and US courts. Here the Indian court only expresses that the imprints ought to have a 'notoriety in India' though in the US the imprint should essentially be well known. A Distinction should be made between a 'popular' mark and an imprint with 'notoriety'. The thinking behind is

weakened rights being vague in nature; the standard of acclaim required to guarantee them must be high also. An imprint which isn't exceedingly particular can't be weakened.<sup>5</sup>

### Doctrine of Dilution in United States

In United States, trademark rights are enlisted under "**The Lanham (Trademark) Act**". This Act gives restrictive rights to dealer or maker to enroll a trademark and to control his rivalries from utilizing that trademark.

The **Lanham (Trademark) Act** precludes various exercises including trademark encroachment, trademark weakening, and false promoting. This Act is the essential government trademark rule of law in the United States. A trademark encroachment is an unapproved use or propagation of a trademark that makes the probability of perplexity in the brain of a customer with respect to the wellspring of merchandise or administrations.

At the point when the imprints, items or administrations are comparable, it is hard to set up the "probability of disarray". For a situation in the United States where the offended party possessed the trademark by the name "Slickcraft", an organization the utilization to sell water crafts for general family entertainment. Offended party brought an activity for trademark encroachment against the respondent who utilized the imprint named "sleekcraft" who likewise use to sell rapid water crafts. The items served two generously extraordinary markets. Be that as it may, the court subsequent to applying the tests referenced above expressed that the utilization of sleekcraft was probably going to cause perplexity among purchasers.

### Federal Trademark Dilution Act, 1995

**Federal Trademark Dilution Act** became law in 1995 is a **United States Federal Law** which protects trademark from uses that causes dilution.<sup>6</sup> It came into effect from **Jan, 1996**. This act was enacted after the amendment in **Lanham Act** for providing the federal remedy for dilution. State law is not prevented. **Federal Trademark Dilution Act** provide uniform and nationwide protection for famous marks.<sup>7</sup>

**FTDA**<sup>8</sup> was enacted for the consideration to many trademark owners to be long overdue. However there were many exceptions to this, **FTDA** has failed to satisfy its potential, and to provide protection to the owner of the famous marks who were rightly or wrongly anticipated. Language of the structure can also be considered as part of the blame that requires a plaintiff to show that the third party use at issue 'causes dilution'.

In March 2003, **Victoria Secret** case. In Victoria's Secret, court was called on to decide "whether objective proof of actual injury to the economic value of famous mark is requisite for relief under the **FTDA**". It was held that **FTDA** "unambiguously" requires a showing of actual dilution rather than a likelihood of dilution.<sup>9</sup>

After looking back to the case laws, it appeared that while Supreme Court had inherit this specific issue, it left in place of statute still solved with ambiguity and subject or varying interpretation by the court.

### Origin of the Act

In mid-1900s dilution law began to appear in the books in various States. There were many States now have laws forbidding dilution of distinctive trademark in their books. Many laws related to it modeled after the **Model State Trademark Bill (MSTB)**<sup>10</sup>.

According to **MSTB**<sup>11</sup>, likelihood of injury to business reputation or of dilution of the distinctive quality of a mark, or a valid mark at common law, or a trade name shall be ground for injunctive relief notwithstanding absent of confusion or absence of competition between the parties as to the source of goods or service.

Because the legislative history adopted in various States statutes does not provide much guidance, the interpretation has varied widely of these laws, and has even conflicted in critical points.<sup>12</sup>

Moreover, second requirement for relief that has given the courts or trademark holders the greatest trouble. As phrased "causes dilution" is highlighted to trademark infringement, which requires proof of a likelihood of confusion, not confusion per se. The other consequence of actual dilution standard is that, in contrast to state statutes. It limits

the ability to secure injunctive relief before the injury has begun.

Finally, prior to **Victoria's Secret** as recognized by many courts, the requirement of "cause dilution" presented challenges in defining the evidence to show that a third party use "cause dilution". A review of the cases shows the courts were comfortable with the analytical framework of likely confusion. It was clear that "actual confusion" was merely a factors and relief could be, and can be granted ever its absence, they are with "actual dilution".

### Marks protected against dilution

Only '**FAMOUS**' marks are protected against dilution under the term of the **Federal Trademark Dilution Act**. It will be interesting to determine of what constitute a '**FAMOUS**' mark involves a great deal of litigation in the coming year. Under the terms of the Act, there are many factors which are determine by the court whether a mark is famous:-<sup>13</sup>

- The duration and extent of use of the mark.
- The geographical reach of the mark.
- Extent of advertising for the mark and its duration.
- Extent of actual recognition of the mark.
- The degree of distinctiveness of the mark.
- Channel or Method of trade.
- Whether the mark was federally registered.
- Use of the mark by owner or the third party.

The ninth Circuit has defined a famous mark as one "with such powerful associations of consumer that ever non-competing uses can effect on their value".

There are many Examples of marks considered as "**FAMOUS**" would be, **XEROX, COCA-COLA, KODAK** and **REEBOK**. Though the term **APPLE** has been used in connection with other well-known product under numerous other businesses but it would be harder to protect a mark like apple against dilution. But it is still protected against Trademark Infringement when likelihood of confusion can be established. Basically it is actually a difficult standard for the plaintiff to meet.

### Proving dilution of a mark

Under the Dilution Act, Famous marks which are distinctive in nature are protected against the dilution. There is no need to prove a likelihood of confusion or competition between the goods of the plaintiff and the defendant. Therefore, even when the defendant's goods or services bear no relation to the goods or services of famous mark, it is possible to use a dilution cause of action against users of the same mark.<sup>14</sup>

Causes of actions are normally brought under dilution when the defendant uses the mark either by:-

#### • Blurring

Blurring occurs in dilution when the third party uses an identical and virtual identical mark in connection with goods and services that may be completely different or may be unrelated to the goods and services of plaintiff. Distinctiveness of a famous mark are weakens by blurring in dilution. Basically it is unauthorized use of a mark on dissimilar product by whittling away of distinctiveness of the goods and services of the products. Such as, if consumers encountered "Polaroid" shoes and "Rolls Royce" toothpaste then it may result in blurring by dilution.<sup>15</sup>

#### • Tarnishment

Tarnishment happens in weakening when the outsider uses a popular imprint in an unflattering and unseemly way. It would incorporate, for example, if there is an indistinguishable or comparable imprint in relationship with hostile substance, or identified with the topic that is disparaging of the imprint proprietor's conviction, or topic that censures straightforwardly or assaults the imprint proprietor's item or administrations. Once in a while, tarnishment may result in struggle with free discourse right and all things considered would be considered "Reasonable use" of a trademark. Reasonable use may incorporate imprint use in the parodies or analysis of the items or administrations related with the imprint. It upsets the notoriety of the first proprietor of the item. Item which are of low quality or which depicted in an offensive or disappointing setting which antagonistically mirrors the result of unique proprietor. For instance "Appreciate cocaine" would be spread under tarnishment.<sup>16</sup>

### Remedies

Mostly in the cases, only **Injunctive relief** is available under the

dilution act as an Injunction against further dilution. However, if the plaintiff can show that the defendant willfully intended to trade to "trade on the owner's reputation or to cause dilution of the mark" than plaintiff may also be entitled to other remedies available under **Federal Trademark Dilution Act**. This may include defendant's profit, attorney fees, monetary damages or even treble damages.<sup>17</sup>

## CONCLUSION

Around twenty six States had effectively embraced resolutions of trademark weakening when **Federal Trademark Dilution Act** was passed. Resolutions of these states likewise give comparative insurance to weakening as gave under the **Federal Trademark Dilution Act**, special cases might be in the instances of arrangements for gathering of financial harms. Courts have deciphered **Federal Trademark Dilution Act** comprehensively. This gave "**Well known**" trademark with uncommon Federal Trademark security. This Federal demonstration adequately keeps the current state weakening represents most well-known imprints. It will intrigue perceive how courts and trademark workplaces will decipher this government law.

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