THE CURIOUS CASE OF TRADEMARK DILUTION IN INDIA: ANALYSING THE SIGNIFICANCE OF ITC LTD. V. PHILIP MORRIS LTD. IN THE INDIAN TRADEMARK REGIME

- Pragalbh Bharadhwaj [*]

ABSTRACT

Trademark dilution doctrine aims to provide for a greater protection to well-known trademarks. The remedy of trademark dilution is a departure from traditional trademark law as, unlike traditional trademark law, the primary consideration behind the concept of trademark dilution is, to protect the hard work and financial investment of the owner in order to build the reputation and distinctiveness of the trademark. In India, the trademark dilution provisions were first brought in by the enactment of the Act of 1999.

This paper, with the help of relevant case laws, will go on to show that before the Trademarks Act of 1999 was enacted, the Indian courts applied remedy of passing off to reach findings of dilution. High Courts were often found confused between the concepts of 'dilution' and 'passing off'. Moreover, the paper will also show how even after the enactment of the Act of 1999 the court rendered decisions as per flawed understanding of the trademark dilution concept.

The case of ITC v. Philip Morris can be said to be the most significant case with regards to the Indian trademark dilution till

[*] Student, Fourth Year, National Law University, Odisha.

date as it was in this case that the court sought to address various ambiguities and confusion pertaining to this particular provision. This paper analyses the case and further stresses upon the significance of the ITC Case as this case, inter alia, finally put to rest the debate over the applicability of the 'likelihood of confusion test' by rejecting it as not being an essential requirement for dilution to be established. Finally, the article concurs with the decision rendered by the court in the ITC case. The author points out that ITC judgment provides a firm ground from where the trademark dilution jurisprudence can further be built upon in India.

1. INTRODUCTORY OVERVIEW OF TRADEMARK DILUTION

Trademark law aims at saving consumers from any likelihood of confusion which may arise due to deceptively similar marks and protect the trader's reputation in order to assist him in marketing his goods.[1] A trademark can be characterised of words, symbols, packaging or combination of colours or anything by which a company can differentiate its goods from those available in the market.[2] The most crucial constituent of a trademark is the exclusive right of its owner to use it to differentiate its own goods and services from those of others.[3] Trademark serves to be a sign of reliable source and quality and also aids consumers in identification of the products they prefer from a wide range of other similar products.[4]

---

[1] Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law,* 86 Boston University Law Review 567, (2006); Anne E. Kennedy, *From Delusion to Dilution: Proposals to Improve Problematic Aspects of the Federal Trademark Dilution Act,* 9 New York University of Legislature and Public Police, 399-400 (2005-2006).

[2] S. 2 (m), The Trademarks Act, 1999.

[3] Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols* 57 Yale Law Journal 1165, 1206 (1948).

[4] T.G. Agitha, *Trademark Dilution: Indian Approach* 50(3) Journal of Indian Law Institute 341 (2008); Robert N. Klieger, *Trademark Dilution: Whittling Away of the Rational Basis for Trademark Protection,* 58 University of Pittsburgh Law Review 789, 790 (1996-1997).

Frank I. Schechter is credited with proposing the concept of trademark dilution for the first time in the year 1927.[5] Schechter in an article he wrote for the Harvard Law Review explicated that the true purpose of a trademark is '*to identify a product as satisfactory and thereby to stimulate further purchases by the consuming public*.'[6] Schechter also argued for preservation of uniqueness of a trademark[7] and noted that every time a trademark is used by another, even when used on non-competing goods, injury occurs to a trademark owner.[8]

Trademark dilution is a kind of trademark infringement which applies only to famous trademarks.[9] Unlike traditional trademark law, the primary consideration of trademark dilution is that the hard work and financial investment of the owner in building the reputation through use of a distinctive trademark is protected.[10] Trademark dilution is a manifestation of the growing demand for providing greater protection to trademarks that have become famous.[11] Trademark dilution applies to situations where the plaintiff's trademark is famous and the defendant's trademark for unrelated goods is similar to that of the plaintiff.[12]

In Yale *Electric Corp. v. Robertson*[13]*,* Learned Hand, J., explained the relevance of the doctrine:

> *"[A trademark]...carries name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury,*

---

[5] Intermatic Incorporated v. Dennis TOEPPEN No. 96 C 1982.
[6] Frank I. Schechter, *The Rational Basis of Trade Mark Protection*, 40 Harvard Law Review 813 (1927).
[7] Moseley v. Victoria Secret Catalogue Inc., 537 U.S. 418 (2003).
[8] Frank L. Schechter, *The Rational Basis of Trademark Protection,* 40 Harvard Law Review 813, 831 (1927).
[9] TCPIP Holding Co. Inc., v. Haar Commc'n Inc., 244 F.3d 88, 95 (2nd Cir. 2001).
[10] Thane Int'l Inc. v. Trek Bicycle Corp., 305 F.3d 894, 904 (9th Cir. 2002); Clarisa Long, *Dilution,* 106 Columbia Law Review 1029, 1033-34 (2006).
[11] Supra 4.
[12] T*he Dilution Solution: The History and Evolution of Trademark Dilution*, 12 DePaul-LCA Journal of Art and Entertainment Law and Policy 143, 145 (2002).
[13] Yale Electric Corp. v. Robertson, 26 F.2d 972 (2d Cir. 1928).

> *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."*

The statutory provisions relating to trademark dilution were introduced for the first time into Indian law with the enactment of Trademarks Act of 1999,[14] which came into effect in the year 2003.[15]

Dilution of a famous trademark, can take place in two ways: first, 'dilution by blurring' which harms the distinctiveness of a trademark[16] due to its association in the minds of consumers as to the resemblance between two marks, one of them being a well-known mark.[17] That is to say, the link between the mark and the goods becomes indistinct[18] and; second 'dilution by tarnishment', which is where the use of the trademark harms the reputation due to the negative connections arising out of the resemblance between a famous trademark and some other mark.[19] Tarnishment is said to take place when substandard quality of goods is associated with a similar mark.[20] It is important to note that for a case of dilution to be made, the mark has to be famous, and that use of the dissimilar good has to cause harm to its hard-earned repute.[21]

---

[14] The Trademarks Act, 1999.

[15] Notification No. SO 1048(E), Gazette of India, Sept. 15, 2003.

[16] Daimler Benzaktiegesellschaft & Anr.v. Eagle Flask Industries Ltd., ILR (1995) 2 Del 817.

[17] Robert N. Klieger, *Trademark Dilution: Whittling Away of the Rational Basis for Trademark Protection,* 58 University of Pittsburgh Law Review 789*,* 790 (1996-1997).

[18] Paul Edward Kim, *Preventing Dilution of the Federal Trademark Dilution Act: Why the FTDA Requires Actual Economic Harm,* 150(2) University of Pennsylvania Law Review 719, 732 (2001).

[19] Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 464 F. Supp. 2d 495 (E.D. Va. 2006).

[20] Mathias Strasser, *The Rational Basis of Trademark Protection Revisited: Putting the Dilution Doctrine into Context,* 10 Fordham Intellectual Property, Media & Entertainment Law Journal 375 (2000).

[21] Clarisa Long, *Dilution* 106(5) Columbia Law Review 1034 (2006).

The anti-dilution provisions in India, although not worded in such a manner, offer protection against the above listed types of dilution through Section 29(4) of the Trademarks Act, 1999.[22]

The test of 'Likelihood of Confusion' has been at the root and is widely regarded as the foundation of the trademark law for ages.[23] However, the debate and controversy has been going on for quite some time as in case of trademark dilution there is a departure from the traditional trademark law as trademark dilution dismisses the test of 'Likelihood of Confusion'. This paper explores this departure from application of the classical trademark laws and the related confusions in greater detail.

Further, this paper, analyses the Delhi High Court's holding in the case of *ITC Ltd. v. Philip Morris Ltd.*[24] It is one of the most significant cases dealing with trademark dilution where the court analysed the concept of trademark dilution and noted that the 'likelihood of confusion' test cannot be part of a test for dilution. While concurring with the judgment rendered by the court in the *ITC* case, the author will reiterate with supporting arguments that the test evolved for infringement actions are inapplicable to cases falling under the purview of Section 29(4) of the Trademarks Act, 1999.

1.1 Scheme of the paper:

Part I gives an introductory overview of the concept of trademark dilution. Part II of the piece briefly discusses the evolution of the doctrine of trademark dilution in India. Under this, the author looks at dilution scenario before the enactment of the Act of 1999 as well as the trademark dilution scenario after the enactment of the Act of 1999. Part III of the piece briefly discusses the case of ITC v. Philip Morris. Part IV of this paper analyses the judgment given by the court in the ITC case. While concurring with the decision rendered therein, the author discusses the significance of this judgment in the Indian Trademark Regime. Part V finally concludes the paper.

---

[22] S. 29(4) of the Trademarks Act, 1999

[23] S. 11(1) of the Trade Marks Act, 1999; Amritdhara Pharmacy v. Satyadeo Gupta, AIR 1963 SC 449; H. C Dixon & Sons Ltd. v. Geo Richardson & Co. Ltd., 50 RPC 36, p. 374.

[24] ITC Ltd. v. Philip Morris Ltd., 166 (2010) DLT 177.

2. EVOLUTION OF THE CONCEPT OF TRADEMARK DILUTION IN INDIA

2.1 The trademark dilution scenario before the enactment of Trademarks Act, 1999

Before the Trademarks Act, 1999 was enacted; the trademark law in India was governed by Trade and Merchandise Marks Act of 1958 (hereinafter referred to as Act of 1958). The Act of 1958, did not have requisite provisions to deal with the issue of dilution and it was thus upon the Courts, to include it within the Indian trademark jurisprudence.

Section 47of the Act of 1958,[25] provides protection to well-known marks. It provides for legal instruments such as defensive registration of well-known marks and passing off actions. In various cases, Indian courts upheld rights, even without defensive registration of well-known marks through passing off actions. No specific provision on trademark dilution, courts in India often confused the concept of 'dilution' with 'passing off'.

The principle of dilution was developed by our courts, having considered the internationally recognized standards about the need to protect generally famous trademarks, whose misuse, in relation to dissimilar products or services could "dilute" its appeal.[26]

The Delhi High Court in the case of *Daimler Benzaktiegesellschaft & Anr. v. Eagle Flask Industries Ltd.*[27]*,* pointed out:

> *"... [T]rade Mark law is not intended to protect a person who deliberately, sets out to take the benefit of somebody else's reputation with reference to goods, especially so when the reputation extends worldwide. By no stretch of*

[25] S. 47(1), The Trade And Merchandise Marks Act, 1958.
[26] Supra 24, at 33.
[27] Daimler Benzaktiegesellschaft & Anr. v. Eagle Flask Industries Ltd., ILR (1995) 2 Del 817.

> *imagination can it be said that use for any length of time of the name —Mercedes should be not, objected to."*[28] *"In the instant case, —Mercedes is a name given to a very high priced and extremely well engineered product. In my view, the defendant cannot dilute that by user of the name Mercedes with respect to a product like a thermos or a casserole."*[29]

The case of *Daimler Benz Aktiegessellschaft & Anr. v. Hybo Hindustan*[30] explains the judicial reasoning on trademark dilution prior to the enactment of the Act of 1999. The facts include the use of the device mark where the word "Benz" along with a "three pointed human being in a ring" was used for defendant's innerwear clothing line. The Delhi High Court granted injunction to the plaintiff ignoring the defence of 'honest and concurrent use' and noted that replication of a mark such as of "Benz" by anyone would result in a violation of the trademark law in India. The Court, inter alia, observed that:

> "*Such a mark is not up for grabs—not available to any person to apply upon anything or goods. That name . . . is well known in India and worldwide, with respect to cars, as is its symbol a three pointed star.*[31]

The Delhi High Court placed its reliance upon the "unique place" assumed by the "Benz" mark to restrain the defendant from deriving any unwarranted benefit from the plaintiff's reputation to sell its goods.[32] The case is the first case law in India which restrained the defendant from using the plaintiff's famous mark without attracting any analysis of likelihood of confusion or deception into scene.

Another famous case, which finds relevance and must be noted here, is the case of *Caterpillar Inc.* v. *Mehtab Ahmed*[33]*,* a well-known trademark "Caterpillar" came under attack when a local

---

[28] Ibid.
[29] Supra 27 at 18.
[30] Daimler Benz Aktiegessellschaft & Anr. v. Hybo Hindustan, AIR 1994 Delhi 239.
[31] Ibid.
[32] Supra 30 at 14, 15.
[33] Caterpillar Inc. v. Mehtab Ahmed, 2002 (25) PTC 483 Del.

manufacturer in Delhi adopted it by using the "CAT" mark on its footwear. Caterpillar Inc. thereby filed a suit for passing off and copyright infringement before the Delhi High Court. Caterpillar Inc. sought an injunction against the local manufacturers for using the "CAT" mark on its footwear. The Delhi High Court observed that the doctrine of dilution was applicable to competitive goods as well, that is to say, the unlawful use of the trademark in itself amounts to dilution.[34]

> "*Another important aspect for protecting such marks or trademarks is to avoid weakening or dilution of the mark. If the subsequent user adopts similar mark even in respect of same goods it would not only decrease the value of the trademark of a prior user but also ultimately may result in dilution the trademark itself."*[35]

In this case, the Court looked at trademark dilution in greater detail and found that the purpose behind protecting famous trademarks is to avoid the weakening or dilution of the concerned mark. It then went on to add the test of confusion, to this understanding of dilution, and noted:

> *"Since the goods are identical, it has immense effect of diluting the identification value of the plaintiff's mark. Such a dilution is accompanied with confusion as to source, sponsorship, connection or licence."*[36]

The Court further stated that such use resulted in smearing or blurring the descriptive link between the mark of the prior user and its goods and reduced the force or value of the trademark. Thus, the court ordered the grant of a permanent injunction restraining the defendants from further manufacture and sales of such goods.

Another notable case is the case of *Honda Motors Co. Ltd.* v. *Charanjit Singh*[37] in this case the Delhi High Court decided on the use of the trademark "Honda" by manufacturers of pressure cookers used in kitchens. The plaintiff in the present case filed

---

[34] Ibid.
[35] Supra at 33.
[36] Supra at 33.
[37] Honda Motors Co. Ltd. v. Charanjit Singh, 101 (2002) DLT 359.

an opposition and a suit for passing off, on the grounds of its international reputation and goodwill. The defendant claimed that he was the prior user of the mark in connection with pressure cookers. Moreover, the defendant claimed that since the parties' respective goods were dissimilar, there was no possibility of any confusion or deception.

The Court, while noting that the goods were indeed different from each other, once again established the likelihood of confusion in an action for passing off, by placing reliance on the harm caused to the reputation and distinctiveness of "Honda" as a brand.[38] The court pointed out:

> *"The plaintiff's trade mark HONDA, which is of global repute, is used by the defendants for a product like pressure cooker, to acquire the benefit of its goodwill and reputation so as to create deception for the public who are likely to buy defendant's product believing the same as coming from the house of HONDA or associated with the plaintiff in some manner. By doing so, it would dilute the goodwill and reputation of the plaintiff and the wrong committed by the defendants would certainly be an actionable wrong..."*[39]

The Court in the above cases did not analyse the conceptual differences between infringement, passing off and dilution of trademark.[40] The case laws make it clear that before the Trademarks Act of 1999 was enacted, the Indian courts applied the common law remedy of passing off to reach findings of dilution as an act of unfair competition. Thus, it is clear that before the Act of 1999 was enacted, Indian High Courts often found itself confused between the concepts of 'dilution' and 'passing off'.

2.2 The Trademark Dilution scenario after the enactment of Trademarks Act, 1999

---

[38] Ibid.
[39] Supra 37 at 44.
[40] Supra at 4.

Section 29(4) of the Trademarks Act, 1999 sought to introduce the concept of trademark dilution in India. The section is the statutory equivalent of section 10(3) of the United Kingdom's Trade Marks Act of 1994.[41]

The primary objective of dilution as a form of infringement under Section 29(4) is to provide wider protection to well-known trademarks sans the requirement of 'likelihood of confusion'; as such protection is with regards to dissimilar goods. Therefore, the test of 'likelihood of confusion' does not find mention in the section.

It is pertinent to note that the jurisprudence of Section 29(4) of the Trademarks Act, 1999 is still in its budding stage as not many cases have arrived to the courts dealing with this issue till now. The structure of the provision of Section 29(4) dealing with trademark dilution clearly conveys the legislative intent regarding the standards required to ascertain dilution of trademarks, in connection with dissimilar products. Still, despite the existence of clear statutory guidelines, the judiciary continues to render decisions under flawed understanding of the concept of trademark dilution.

In order to understand how the court rendered decisions as per flawed understanding of the trademark dilution concept, reference must be made to the case of *Hamdard National Foundation* v. *Abdul Jalil*[42], where the plaintiff who was the owner of the mark "Hamdard" used in connection with Unani medicines filed a suit for passing off and infringement before the Delhi High Court alleging that the defendants were using the plaintiff's well-known mark "Hamdard" for Basmati rice.

The Court determined that the standard for deciding what amounted to trademark infringement in connection with dissimilar goods was "likelihood of deception". Here, once again, despite having a discussion of Section 29(4) of the Act of 1999, which does not require proof of deceptive similarity, the Court erroneously relied on the definition of "deceptively

---

[41] S. 10(3), Trade Marks Act, 1994 (United Kingdom).

[42] Hamdard National Foundation v. Abdul Jalil, IA 7385/2004 IN CS(OS) 1240/2004.

similar" in Section 2(1) (h) to import the test of confusion even for dissimilar and unrelated goods.[43] The court pointed out:

> *"The goods are to some extent dissimilar; yet there is likelihood of confusion or deception, on account of overlapping trade channels..."*[44]

The Delhi High Court even while interpreting Section 29 (4) stuck to the requirement of likelihood of confusion or deception. It was based on such an interpretation that the defendant's use of the mark "Hamdard" for its rice product was held violative of Section 29(4) by the High Court.

Another case of the Delhi High Court where the Court sought to clarify its position with regards to 29 (4) of the Act of 1999 is the case of *Ford Motor Co.* v. *C.R. Borman,* where the plaintiff filed a suit before a single Judge of the Delhi High Court, alleging that the defendants used the mark "Ford" in connection with footwear that they were manufacturing. The plaintiff filed for a case of infringement under Section 29(4) of the Act of 1999. The single judge of the High Court granted the defendants' motion to dismiss the plaintiff's complaint. Finally, on appeal, the Division Bench of the High Court reversed the order of the Single Judge and noted:

> *"What should not be lost sight of is the fact that Section 29(4) is palpably an exception to the scheme of the Act and applies only to those trademarks which have earned a reputation in India." "...the Plaintiffs do not have to prove deception on the part of the Defendants or likelihood of the customer being misled because of the use of the challenged trademark."*

So, it is clear that unlike in the decision of the High Court in the Hamdard National Foundation case[45], the Court in this case strictly followed the language of Section 29(4) of the Act of 1999 and observed that if the trademark is well-known in India and

---

[43] Ibid.
[44] Supra 42 at 28, 29.
[45] Supra 42.

has repute, the plaintiff does not have to establish the defendant's deception.

Even though, in this case, the Court strictly followed the actual relevant provision of the Act of 1999, to deal with the issue of trademark dilution, the judgment still lacked the authoritative value since the merits of the case were hardly discussed by the court.

In light of the confusion surrounding the concept of trademark dilution, the judgment rendered by the Delhi High Court in the case of ITC v. Philip Morris can be stated to be of immense significance from the point of view of trademark dilution jurisprudence in India as in this case, the court indulged in an elaborate discussion with regards to the concept of trademark dilution and section 29 (4) of the Act of 1999. It can be said that the ratio of the ITC case has been the most thorough elucidation on the issue of trademark dilution to surface from an Indian court till date.

3. THE CASE OF ITC LTD. V. PHILIP MORRIS PRODUCTS SA & ORS.

ITC Ltd. v. Philip Morris decided by Justice Ravindra Bhat is the first comprehensive discussion of the legislative and policy components of Section 29(4) of the Act. The case is noted to be the first instance where an Indian court took the decisive step of articulating the requisites that are to be satisfied to constitute trademark dilution. The details of the case are described below:

3.1 Facts of the case

In the present case, the two marks in question belonged to two companies with well-established reputations in India. The plaintiff, ITC Ltd., argue that in the year 2008, Philip Morris had begun using a hollow flaming roof design similar to the "WELCOMEGROUP" mark that ITC had been using in respect of its hospitality business for many years. ITC Ltd. claimed that Philip Morris has done away with its traditional roof design used for marketing Marlboro cigarettes in India and has been using a mark similar to theirs.[46] ITC Ltd. contended that the persistent use of the mark on the covers of the Marlboro cigarettes, had the effect of diluting the distinctiveness of ITC's trademark, and thereby sought relief on the basis of Section 29(4) of the Trademarks Act, 1999.[47]

3.2 The plaintiff's contention

In the present case, the plaintiff, ITC Ltd., contends to be one of India's largest private sector companies with an annual turnover of Rs.23, 144 Crores.[48] ITC Ltd. commenced with its hotel business in the year 1975 and in the present suit has claimed to be using the "WELCOMGROUP" logo since its inception in 1975.[49] Further, ITC points out about the extensive, constant and widespread use of the "WELCOMGROUP" logo which was adopted and was in use since 1975. The plaintiff in this case claimed that since it was also in the tobacco business and one of its main products was cigarettes, the use of a similar mark by the defendant for their cigarettes would link its products with that of defendants, which, the plaintiffs claim, would amount to both infringement and passing-off.

It placed its reliance on Section 29(4) of the Trademark Act, 1999, to note that the logo of the defendant's product caused *'blurring and dilution'* of the distinctive character of the plaintiff's logo. In the present case, ITC Ltd. argued that all it has to establish is the likelihood of confusion in the minds of unwary consumers with imperfect recollection due to the substantial similarity of the marks, and not the actual infringement.

It is relevant to note here that ITC Ltd. referred to the case of *Ramdev Food Products Pvt. Ltd. v. Arvindbhai Rambhai Patel & Ors* 2006(33) PTC 281 while pointing out that even though Philip Morris may not be using the plaintiff's "WELCOMEGROUP" mark, its guise is such that it amounts to

---

[46] Sumatha Chandrashekaran, *ITC loses TM Dilution case against Philip Morris*, SpicyIp (1/17/2010), available at http://spicyipindia.blogspot.com/2010/01/itc-loses-tm-dilution-case-against.html, last seen on 31/07/2015.
[47] Supra 24, at 47.
[48] Supra 24, at 2.
[49] Supra 24, at 3.

passing-off and infringement.[50] Further, the plaintiff placed its reliance on the case of *Daimler Benz Aktiegesellschaft* v. *Hybo Hindustan* to establish that trademark dilution through damaging association, by unrelated products was accepted where the trademark was distinctive and famous in nature.[51]

In all, the plaintiff in the present case, tried to show that Section 29 (4) of the Trademarks Act, 1999 was brought with the intention of protecting such distinctive and famous marks against arbitrary exploitation by others on dissimilar products that cause the blurring of the identity of the mark.

3.3 The defendants' submission

The defendants, in the present case, point out that the plaintiff's logo was primarily used with respect to its hospitality services and not in respect of the cigarettes it produced.[52] The defendants also note that ITC Ltd. is estopped from alleging any form of trademark infringement by reason of Section 17 of the Trademarks Act, 1999. Philip Morris Ltd. also submitted that the disputed logo is one of the several matters forming part of the overall trademarks, in respect of which registrations are allegedly obtained by ITC Ltd.[53] Further, the defendants note that, the mark in contention was a relatively insignificant element of a larger composite mark of their "WELCOMGROUP" logo, and it was also pointed out that it had not been registered as an independent mark.[54] To substantiate its claims further, the defendant placed its reliance on the plaintiff's copyright registration certificates to show that the plaintiff certainly never deliberately intended to project its "WELCOMGROUP" logo as a leading part of its mark. Moreover, the defendants bring to the notice of the court that the impugned logo had, even in the past, been used for marketing their festival packs, without any objections being raised.

---

[50] Supra 24, at 10.
[51] Supra 30.
[52] Supra 24, at 14.
[53] Supra 24, at 15.
[54] Supra 24, at 13.

It was pointed out that the Marlboro cigarettes are sold in over 160 countries around the world.[55] In the Indian context, they have been imported into and sold since the year 2003. Countering the dilution claims of the plaintiff's mark, the defendants submitted that Marlboro cigarettes were targeted at the '*higher end of the market of cigarette smokers*' who were ostensibly well-aware of diverse brand identities, negating any question of confusion or deception with the plaintiff's logo. Moreover, it was stated that trademark dilution happens to be a strict test now explicated by the statute under Section 29 (4) of the Trademarks Act, 1999, and it is a requisite that the plaintiff establishes a *prima facie* similarity between the two marks as well as a 'linkage' or 'mental association' between the two marks in the minds of the purchaser. To conclude, the defendant pointed out that the plaintiff in the present case has not shown even a single incident of likelihood, passing-off or unfair competition due to their logo and hence it argued that injunction cannot be sought against its use.

3.4 The decision of the court:

In this landmark judgement, the Court engaged in an extensive discussion on the trademark dilution doctrine. The court, for the very first time in this judgment, stated that the test evolved for the traditional trademark infringement actions were inapplicable or inapposite to cases falling under Section 29(4)[56], and consequently detached the likelihood of confusion test from all actions falling under this clause. It is to be noted that Section 29(4) of the Trademarks Act, 1999, which codified the dilution doctrine mirrored Section 10(3) of the UK Trademarks Act, 1994, though the term is not explicitly referred to in the clause of the 1999 Act. The Court pointed out that the absence of a presupposition of infringement under Section 29(4) of the Act of 1999, unlike the other clauses of Section 29, was suggestive of the legislative intent requiring a higher standard of proof for the cases falling under Section 29(4) of the Act of 1999.

The court observed that the heart of trademark protection revolved around protecting consumers from being deceived in

---

[55] Supra 24, at 22.
[56] Supra 24, at 49.

anyway, which could even possibly occur among unrelated products. While attempting to distinguish between trademark dilution as provided in Clause (4) and other Clauses (1), (2) and (3) of Section 29, the Court observed that the 'likelihood of confusion' test, which is considered to be the foundation of traditional trademark law, is not envisioned under Clause (4), as it is apparent that it excludes the need for the resemblance to be of 'deceptive' nature.[57] The dilution clause under section 29 (4) of the 1999 Act presented a much wider protection in respect of unrelated products. The Court stated that the difference between traditional trademark law and trademark dilution is that the former was intended for the protection of consumer interest, while the consideration of the latter was protecting the uniqueness of the trademark itself.

Additionally, the Court noted that there was no presumption of infringement under Clause (4) of Section 29 of the 1999 Act, in contrast to the preceding clauses, and the plaintiff would have to prove the existence of all three conditions under the clause to substantiate his allegation. The court elaborately discussed the various elements of Section 29 (4) of Trademarks Act, 1999. With regards to the phrase in Clause (4) that the mark '*is identical with or similar to the registered trade mark'*, the court noted that the test for the similarity of marks is not deceptive similarity, it is a notch higher, roughly a near identification of the two marks or "closest similarity"[58] must be shown while viewing the marks from a global point of view.[59] Moreover, with regards to the phrase '*the registered trademark has a reputation in India'*, the Court relied on a study from the Canadian jurisprudence[60] to find out whether the mark of the plaintiff has a reputation in India with respect to the category of products in question, ruled in the negative. It was observed that no material placed before the Court could suggest that the reputation of mark of the plaintiff extend to the category of premium cigarettes.[61] And, on the subject of infringement by dilution, with regard to the phrase that '*the use of the mark without due*

[57] Supra 24, at 35.
[58] Supra 24, at 48.
[59] Supra 24, at 49.
[60] Supra 24, at 42.
[61] Supra 24, at 50.

cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark' in clause (4), the Court observed that the plaintiff had failed in substantiating that the use of the mark by the defendant would affect prejudicially the business of the plaintiff.[62]

On the basis of the facts, the Court stated that the plaintiff had failed in making out a case of dilution of the 'WELCOMEGROUP' logo. The court accepted the claim that its brand had acquired distinction in the hospitality sector and further added that the plaintiff was required to show that the logo had been diluted and not that it's "WELCOMGROUP" brand was affected. In that regard, the logo was only part of the overall mark which also had other elements in it. The Court in the instant matter found no 'similarity' in their overall presentation of the two logos, more so because the plaintiff's mark was a stylized logo, which had to be juxtaposed with another mark.[63] Further, the court noted that there was nothing to show that the association of plaintiff's logo extended to cigarettes, which was very important to be proved, since plaintiff too was in the tobacco and cigarettes producing company. It was pointed out by the court that the 'class of users' of plaintiff's hospitality services and defendant's cigarettes were not the kind likely to associate the two marks. Consequently, it can be said that no detriment was caused to plaintiff's mark by defendant's use. To conclude, the court denied the grant of an injunction and the plaintiff was asked to bear costs of Rs. 75,000/- to be paid to the defendant.[64]

---

[62] Supra 24, at 50.
[63] Supra 24, at 49.
[64] Supra 24, at 51.

4. Analysis of the case

The decision rendered by the court in the ITC case correctly analyses the requirements under Section 29 (4) of the Act of 1999. However, it is interesting to note that the judgment in the ITC case was delivered by the same judge who issued the decision in the case of *Hamdard National Foundation* v. *Abdul Jalil*[65] where the Court mistakenly relied on the definition of "deceptively similar" in Section 2(1) (h) to import the test of confusion even for dissimilar goods.

It is in this regard that the decision rendered and the discussion undertaken on trademark dilution doctrine in this case deserves appreciation. From the time of the enactment of the Trademark Act, the holdings of this case can certainly be termed as most significant among the ones that discussed the Trademark dilution doctrine.

As the court rightly pointed out, the absence of presumption of infringement under Section 29 (4) of the Act of 1999 unlike the preceding clauses of Section 29 clearly indicates the legislative intent requiring a higher standard of proof in cases falling under Section 29 (4) of the Act of 1999. In this case, the Court sought to use trademark dilution doctrine as a means to enhance the potency of Trademark protection; thereby, the court has made the requisite standards higher to establish dilution and in doing so the court has noted that the degree of the protection provided is proportionate to the distinctiveness of the mark. All the plaintiff seeks is the preservation of the value his brand has achieved.

It is pertinent to note that the provision of trademark dilution as provided under Section 29 (4) of the Act of 1999 was a new concept in the 1999 Act and was not present in the Act of 1958. Moreover, test evolved for infringement actions under traditional trademark regime are inapplicable to cases falling under the purview of Section 29(4) of the Act of 1999.

---

[65] Supra 42.

Section 29 (4) of the Act of 1999 provides for 3 elements that must be cumulatively satisfied[66]:

A. The mark in question has to be identical or similar to the registered trademark.

Under this element, the plaintiff is required to show some linkage of mental association of his mark with the offending one in the mind of the consumer. In the ITC case, the court pointed out that the 'class of consumers' is also relevant to determine any possible link.[67] Moreover, the courts in India have time and again stressed immensely upon the requirement of 'high' or 'nation-wide' reputation for a mark to be considered distinctive. The same was stressed upon sought to be established by ITC in this case.[68]

The author is of the view that the court should consider the time period for which the plaintiff used his mark before the defendant began using the similar mark. Moreover, with respect to the reputation of the brand, or the mark operating in a geographical area, 'nation-wide' reputation must not be a requisite as it places an additional and unnecessary requirement.

B. The use of the mark should be upon some unrelated or dissimilar products or services

This element primarily serves to distinguish the traditional trademark remedies as codified under Section 29 (1) to (3) of the Act of 1999 from Section 29 (4) of the Act which provides for the doctrine of trademark dilution in the Indian Trademarks Act of 1999. This element goes along with the need for the mark to be distinct.

C. The use of the mark has to be without due cause and the results have to detrimental to the reputation of the registered trademark.

This element can be said to be a combination of three factors-

---

[66] Supra 24, at 9.
[67] Supra 24, at 50.
[68] Supra 24, at 37.

i. Mark has to have a reputation.

ii. Use of the mark has to be without due cause.

iii. Such use has to be detrimental to the distinctiveness of the mark.

As already stated above, there is no settled rule for establishing the fame or the reputation of a mark. In the *ITC case,* the Court has observed that the mark must have a *"reputation in India"*[69] which, as the author has pointed out already in the paper, is not a correct parameter as it places unnecessary requirement.

The Court in the ITC case made it clear that only the 'likelihood of dilution' has to be proved even though the language of the provision in Section 29 (4) does not explicitly state the same and in a way suggests that actual dilution has to be proven. The ITC case served to address this ambiguity in detail and noted that proving actual dilution is not necessary.

Therefore, as it is clear from the above analysis, the ITC case is the first broad discussion of the legislative and policy components of Section 29(4) of the Act of 1999. Additionally, this case also marks to be the first instance where an Indian court took the decisive step of charting out the basic essentials that are to be satisfied there under. The court, for the very first time, stated that the test evolved for the traditional trademark infringement actions were not applicable to cases falling under Section 29(4)[70] of the Act of 1999, and consequently detached the likelihood of confusion test from all actions falling under this clause. The ITC case served to address various ambiguities and confusion with regards to the new provision of trademark dilution under the Act of 1999, as has been made clear in above parts of the piece. The ITC case provides a firm ground from where the trademark dilution jurisprudence can further develop in India. For these above stated reasons, the ITC judgment can be said to be a very significant judgment in the Indian Trademark Regime.

[69] Supra 24, at 44.
[70] Supra 24, at 49.

5. CONCLUSION

To conclude, as it is clear, trademark dilution doctrine is an attempt at providing and ensuring greater protection to trademarks that have become famous. The remedy of trademark dilution is designed for situations where the plaintiff's trademark is famous and the defendant's trademark for dissimilar goods is like that of the plaintiff. It is a departure from traditional trademark law as, unlike traditional trademark law, the primary consideration behind the concept of trademark dilution is to protect the hard work and financial investment of the owner in order to build the reputation and distinctiveness of the trademark.

In India, the trademark dilution provisions were first brought in by the enactment of the Act of 1999. The paper describes that before the Trademarks Act of 1999 was enacted, the Indian courts applied remedy of passing off to reach findings of dilution. Before the Act of 1999 was enacted, Indian High Courts often found itself confused between the concepts of 'dilution' and 'passing off'. Even after the enactment of the Act of 1999 the court rendered decisions as per flawed understanding of the trademark dilution concept.

It is in this backdrop that the ITC v. Philip Morris[71] case can be considered to be of extreme importance with regards to the Indian trademark law regime as it was in this case that the court sought to address various ambiguities and confusion pertaining to this particular provision. The ITC Case can be stated to be of huge significance because this case, inter alia, finally put to rest the debate over the applicability of the 'likelihood of confusion test' by rejecting it as not being an essential for dilution to be established. The author believes that ITC judgment provides a firm ground from where the trademark dilution jurisprudence can further be built upon.

[71] Supra note 24.