



THE CONCEPT OF DILUTION UNDER INTELLECTUAL PROPERTY LAW: A COMPARATIVE ANALYSIS OF THE LAW IN THE UNITED KINGDOM AND THE UNITED STATES

Marycynthia Doris Nchor*

Abstract

The fear of trademark infringement deters many creatives from truly reaching their potential in the works they create. However, the law over time has been developed to cater for all types of trademark infringement regardless of the jurisdiction one finds themselves. This, an infringement of a registered trademark is something that can be challenged successfully in the court of law whether in a civil law country or in a common law country. Dilution is a clever version of trademark infringement that mirrors the original mark so well that an officious onlooker will be deceived to think the marks are one and the same. Dilution in the UK evolved from the more traditional trademark claim of infringement in which trademark is stolen from the owner by a junior user. For a long time in the UK, cases akin to dilution were treated under the common law tort of passing off. Using a doctrinal research methodology, this study examines the concept of trademark dilution under intellectual property law, with a particular focus on the method of trademark infringement as obtainable in the United Kingdom (UK) and comparing the reality with that of the United States (U.S) drawing out valuable lessons that can help shape up global trademark practice for better outcomes. The study is not just a comparative analysis but a review of the major laws in both jurisdictions on the law governing dilution.

Keywords: Dilution, confidential, gatt, intellectual property, global trade, trademark, United Kingdom, United States.

1. Introduction

The turn of the 20th century witnessed rapid industrialization and technological advancement at such an exponential rate that there became a need for increased cross border trade and an ultimate expansion of international markets for domestic products. This phenomenon meant increased international economic interaction between the nations of the world, thus the allied powers and other states began to make deliberate moves to guarantee trade liberalization and eliminate restraint to cross border trade. The efforts at trade liberalization came to a fruitful crescendo with the institution of the General Agreement on Tariffs and Trade (GATT) 1947.¹ Intellectual Property rights formed one of the major highlights of GATT. General Agreement on Tariffs and Trade (GATT), was intended to boost economic recovery after World War II through reconstructing and liberalizing global trade. It is then not surprising that the brief opens with such a valid quote from Merges and Song.²

There are a lot of opinions and perspectives as to what the nature of Intellectual property rights constitutes, however, what better authority to look to than WIPO for a sense of understanding what Intellectual Property rights entails. The WIPO refers to IP as creations of the mind reproduced in the form of inventions, literary works, artistic creations, images, designs, names and symbols also.³

*Marycynthia Doris Nchor Esq, Lecturer 111, Social Sciences Department, School of General Studies National Institute of Construction Technology and Management. Email: m.doris@nict.edu.ng, Phone No: 08100594490

¹ C Majaski, 'General Agreement on Tariffs and Trade' <<https://www.investopedia.com/terms/g/gatt.asp> > accessed 11 February 2025.

² R P Merges and S. H. Song, *Translational Intellectual Property law*, (Edward Elgar Publishing, 2018) 14

³ A O Titilooe, 'Intellectual Property Rights Protection in Nigeria: Challenges and Prospects' *IJLIS* [2020] 9 (2) 51-54, 52

According to the World Intellectual Property Organization (WIPO)⁴, Intellectual Property refers to creations of the mind, such as inventions, literary and artistic works, designs and symbols, names and images used in commerce. Intellectual property also refers to intangible property that includes patents, trademarks, copyright and registered and unregistered design right.⁵ IP rights simply limit the right to imitate in a particular manner in the public interest for a limited period of time.⁶

Dilution on the other hand is a type or category of trademark infringement and in order to fully appreciate dilution, trademarks need to be briefly explained. A Trademark is a distinctive name, sign or logo which uniquely identifies the source of goods and services. The Trademarks Law ensures that no-one uses a trademark of another, or a mark which is similar or identical as to cause confusion in the course of trade in relation to the goods or services in respect of which it is registered.⁷ Core trademark law secures the social benefits of protecting trademarks against uses that risk source or sponsorship confusion. Consumer confusion undermines the information transmission function of a mark by making it difficult for consumers to rely on the mark as a source-identifier and thus a symbol of brand or firm quality.⁸ Dilution in the UK evolved from the more traditional trademark claim of infringement in which trademark is stolen from the owner by a junior user. For a long time in the UK, cases akin to dilution were treated under the common law tort of passing off. Using a doctrinal research methodology, this study examines the concept of trademark dilution under intellectual property law, with a particular focus on the method of trademark infringement as obtainable in the United Kingdom (UK) and comparing the reality with that of the United States (U.S) drawing out valuable lessons that can help shape up global trademark practice for better outcomes. The study is not just a comparative analysis but a review of the major laws in both jurisdictions on the law governing dilution. The two laws to be considered are the Trade Mark Act 1994 (UK) and the Trade Mark Dilution Revision Act 2006 (US).

2. Dilution in the United Kingdom

The UK regulatory regime for IP is well developed and continues to develop with many laws and regulations over IP. In the past, EU regulatory regime also applied to the UK not until BREXIT.⁹ Trademark Dilution occurs when a person or company uses a mark identical or sustainably similar to a pre-existing trademark, triggering a mental association on the part of the consumer between the two marks ultimately leading to eroding of the strength of the original mark¹⁰ Dilution may take the form of dilution by blurring, tarnishing, and cybersquatting.¹¹ Dilution in the UK evolved from the more traditional trademark claim of infringement in which trademark is stolen from the owner by a junior user. For a long time in the UK, cases akin to dilution were treated under the common law tort of passing off.¹² A ready example is seen in the case of *Taittinger v Allbev*,¹³ where the trade term ‘Champagne’ owned by French producers was used by producers of a nonalcoholic beverage. The court in an action for passing off held that the product had glamorous associations, reputation, and goodwill thus any imitation would confuse the consumer. The action was successful. As a result of the UK joining the EU, since dilution was part of EU law,

⁴WIPO, ‘What is Intellectual Property’ <<https://www.wipo.int/about-ip/en/>> accessed 23 February 2025

⁵ Martin and J Law, *Oxford Dictionary of Law*, (6th edn, Oxford Press, 2006) 280

⁶ LTC Harms, *A Case book on the Enforcement of Intellectual Property Rights* (WIPO Publication, 2018) 10

⁷ Trade Marks Act 1994, section 10 (1) (2) UK

⁸ R G Bone, ‘A Skeptical View of the Trademark Dilution Revision Act’ *Int. Prop. L. Bull.* [2007] 11 187, 188

⁹ A term used to describe the decision of the UK Parliament and His Majesty the King’s decision to leave the European Union bloc. Short for British Exit from the EU.

¹⁰ Trade Marks Act 1994, s 10 (2) UK

¹¹ K B McCabe, ‘Dilution by Blurring: A Theory Caught in the Shadow of Trademark Infringement’ [2000] 68 *Fordham Law Review* 1827, 1828

¹² N Goyal and M Kumer Singh, ‘Doctrine of Dilution under Law of Trademark – A Comparative Analysis of Law in United Kingdom and United States of America’ [2011] *SSRN Journal* 10 <<https://dx.doi.org/10.2139/ssrn.1756741>>; <<https://ssrn.com/abstract=1756741>> accessed 28 February 2025.

¹³ [1993] *FSR* 641

the UK had in 1994 enact the Trade Mark Act 1994 which recognized dilution of trade mark in sections 5 and 10 of the Act.

After the enactment of the Act, it was quickly tested in the now famous case of *Baywatch Productions Co Inc v The Home Video Channel*¹⁴ the plaintiff, producer of the television series Baywatch and the registered proprietor of the mark Baywatch (in Class 9, for videos), sought an interlocutory injunction to restrain the defendant from broadcasting the sexually explicit Babewatch series until trial of the substantive issues. The plaintiff was seeking to rely on three causes of action, namely trade mark infringement under section 10(2) of Trade Mark Act 1994, section 10(3) of Trade Mark Act 1994 and passing off. The Judge, Mr Crystal QC, concluded that the plaintiff had failed to demonstrate that there was a serious question to be tried. The court also held that adult television programmes and video tapes, etc. were not similar goods or services within the definition of the section. In relation to section 10(3) the Judge followed previous cases and took the view that this section did require confusion, as it would be illogical for section 10(3) to give greater protection in relation to non-similar goods or services by dispensing with the ingredient of the likelihood of confusion, than the protection afforded to similar goods under section 10(2). The court adjudged that there was no evidence to support an arguable case of likelihood of confusion under section 10(2) or section 10(3) Trade Mark Act 1994. This decision has been much criticized as it seems that the courts were interpreting s. 10(3) in such a way as to prevent its use as an anti-dilution weapon. A trade mark owner can find the mark's distinctiveness being blurred, or its reputation damaged by an association with poor quality goods, despite the absence of customer confusion.

One of the major strengths of the UK Trademarks Act and the legal framework for enforcing IP rights in the UK is the robust coordinated institutions of enforcement. It is crucial to point out briefly how this enforcement mechanism operates. Between 2011 and 2018 the number of UK trade mark registrations processed by the UK IP Office rose from below 40,000 per annum to over 80,000, the increase in design registrations was even more striking.¹⁵ According to the UK Ministry of Justice,¹⁶ 401 people were found guilty of offences under the Trade Marks Act (TMA) and 23 under the Copyright, Designs and Patents Act 1988 (CDPA) during 2019, compared with 461 and 25 in the previous year. The prosecutorial authorities for infringement of IP rights in the UK include the Crown Prosecuting Service (CPS) and the Police through its special IP unit. The CPS contributes to the enforcement of IP crime by providing swift, comprehensive and targeted legal advice to police and other investigators; and secondly, utilizing unparalleled criminal litigation and advocacy experience to prosecute the suspected perpetrators of IP crime in its various forms.¹⁷ Large-scale and complex cases are handled by the CPS's Specialist Fraud Division, based in London and five regional centers. In securing IP by holding perpetrators accountable, a combination of local and national lawyers who have a specific interest in IP crime ensure co-ordination and consistency. The Specialist Fraud Division's internal training group has developed training sessions on matters increasingly relevant to the prosecution of IP crime – including on cybercrime and disclosure in complex cases. In the past year, the Specialist Fraud Division has increased its engagement with both the IP enforcement community, and rights holders.¹⁸

Apart from the Crown Prosecution Service there are other bodies and institutions that also play a role in securing protection and enforcement of IP rights in the UK. One of such is the UK Intellectual Property Online Protection group (IPOP), uniquely positioned as a collective of practitioners working together to develop initiatives and to share best practice on the protection of Intellectual Property. IPOP's members span Government, law enforcement, leading trade

¹⁴ [1997] FSR 22

¹⁵ IP Crime Group, *IP Crime Report 19/20* (UK Intellectual Property Office, 2020) 7

¹⁶ OECD, *Trade in Counterfeit Products and the UK Economy 2019 Update*, (OECD and the UK IPO, 2019) 4.

¹⁷ *Ibid* at 205

¹⁸ *ibid* 23.

associations, rights holders, internet service providers and broadcasters.¹⁹ Another body useful in the protection of IP rights in the UK is the Police Intellectual Property Crime Unit (PIPCU) (UK). Operation Creative is PIPCU's²⁰ response to websites which make illicit copyright content (e.g. films, music) available online.

Another strength of the Trade Mark Act of 1994 as amended is the clarity of section 5 (1) & (2) which leaves absolutely no conjecture as to whether a trademark should be registered or not. Section 5 (2) provides clearly that:

(2) A trade mark shall not be registered if because— (a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

The likelihood of confusion component clearly stated in the foregoing section ensures there is absence of ambiguity when the court is dealing with dilution in the UK.

3. Dilution in the United States

In the USA, the doctrine of dilution was first recognized by judicial affirmations before congress made legislation on the issue. Early attempts at enacting a federal statute on dilution failed.²¹ The early cases in the US were in the mood of prevention of merchants from reaping where they did not sow literally. In *Yale Electric Corp v Robertson*,²² the court approved the injunctive relief against the defendants' usage of a mark similar to that of the plaintiff. The first Anti-Dilution Statute was adopted by the State of Massachusetts²³ then other states followed but till around 1950 no official federal statute dealt with the issue. It so happens that while legislation struggled to recognize and punish dilution the Judges did not hesitate to hold that dilution infringed on trademarks. The underlined purport was captured in the dictum of Judge Felix Frankfurter in the following glowing words:

The protection of trademark is the laws recognition of the psychological function of symbols trademark is a merchandising short-cut which induces a purchaser to select what he wants; or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same – to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trademark owner has something of value. If another poaches upon the commercial magnetism of symbols he has created, the owner can obtain legal redress.²⁴

The foregoing dictum simply reflects an example of one such incident in which dilution was recognized by the United States Court prior to the enactment of a federal statute. Due to the misapplication of the Lanham Act 1946 and competition law related to infringement akin to dilution there grew an urgent need for uniformity. This was achieved in the amendment of the Lanham Act 1946 to create a cause of action on trademark dilution which could be instituted federally. In 1995,

¹⁹ IP Crime Group, *IP Crime Report 19/20* (UK Intellectual Property Office, 2020) 80

²⁰ IP Crime Group, *IP Crime Report 19/20* (UK Intellectual Property Office, 2020) 89

²¹ N Goyal and M Kumer Singh, 'Doctrine of Dilution Under Law of Trademark – A Comparative Analysis of Law in United Kingdom and United States of America' [2011] SSRN Journal <<https://dx.doi.org/10.2139/ssrn.1756741>> or <<https://ssrn.com/abstract=1756741>> accessed 29 February 2025

²² [1928] 12. 26 F.2d 972 (2d Cir 1928)

²³ Narenda Goyal (n. 12) at 8

²⁴ [1942] 316 U.S 203, 205

the Federal Trademark Dilution Act²⁵ was enacted to cover the issues arising from trademark dilution. In 2005, the Trademark Dilution Revision Act was passed to further streamline components of what constituted trademark dilution. So in the US, an owner of a famous trademark must demonstrate actual real dilution of his mark.

The foremost force for review of the FTDA is the need to undo the effects of the 2003 Judgment in the case of *Moseley v Secret Catalogue Inc*²⁶ where the US Supreme Court in that case ruled that the plaintiff must prove actual dilution, not merely a likelihood of dilution, to succeed in a dilution claim. The Trade Dilution Revision Act 2006 reformed this position. The strengths of the Act could be surmised as follows:

1. Definitional Clarity.
2. Eliminating confusion on key issues of dilution.
3. Standard for dilution now ‘likelihood of harm’ (section 2 (c)) as opposed to actual dilution harm.
4. Dilution by blurring and dilution by tarnishment clearly provided for and dichotomized in the Act (Section 2 (c)).
5. Clarity on definition of famous marks - ‘widely recognized’ (section 2 (b)).
6. Relief granted includes injunctive relief and recovery of profits, damages, and costs.
7. Fair use provision provided for despite the liberal allowance given to the court in any case.

Observable weaknesses from a review of the Trade mark Dilution Revision Act 2006 are surmised as follows:

1. Let down that registration automatically makes a mark famous.
2. The plaintiff under the act must show association of the defendant mark with that of the Plaintiff to succeed. So mere identical marks does not equal success in an action under the Act.
3. The Act does not address an issue where marks are not similar in writing but similar in connotation.

4. Comparative Analysis of the Law on Dilution in the United States and in the United Kingdom

In the UK the Trade Mark Act of 1994 is the legal mechanism that goes near in making provisions relating to dilution. Prior to the enactment of the Trademark Act of 1994, there were only little snippets of formal statements on dilution in judicial decisions acknowledging the subject of dilution as a real way of infringing on a registered trademark. In order not to make the error of hasty assumption a brief definition of dilution is called for as they mean one and the same thing in both the United States and in the United Kingdom. Dilution refers to the harm that occurs when a famous distinctive mark loses its singular meaning due to copycat imitations such that confusion in the minds and choices of the consumer is presented.²⁷ Dilution is evidently the slow but steady whittling down or whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods.

On the other hand in the United States of America, dilution had been regulated as far back as 1946 under the Lanham Act 1946, which conceived of dilution as the lessening of the capacity of a famous mark to identify and distinguish goods and services, regardless of the presence or absence of competition or the likelihood of competition.²⁸ The Trademark Dilution Revision Act 2006 amended the definition of the Lanham Act 1946 broadening dilution in the USA to include any

²⁵ Trademark Amendment Act of 1999 Publ No 106 – 43 113 stat 218

²⁶ [2003] 537 U.S 418

²⁷ S L Dogan, ‘What Is Dilution Anyway?’ *MICH Law Review* [2006] 105 (1)103

²⁸ Lanham Act 1946 (U.S.A), s 45 [L 5 U.S.C 81127 (SUPP. V 1998)]

form of blurring or tarnishing of the Plaintiffs mark used in connection with other goods and services.

In both the USA and the UK there has been judicial recognition of protection of famous well-known marks on non-competing goods. In the USA, in the case of *Vogue Co v Thompson Hudson Co*,²⁹ the US Appeals Court in the 6th Circuit granted the publisher of the vogue fashion magazine an injunction against the use of its V – Girl and V marks for hats. The equivalent situation in the UK is found in the case of *Harrods Ltd v R. Harrod Ltd*,³⁰ Here R. Harrold Ltd a money lending company was prevented from using the HARRODS Mark which clothing retailer. These were the earliest affirmations of the doctrine of dilution in the UK and US even before official legislative recognition.

5. Conclusion

For the last decade, the biggest question in trademark law has been how to prove dilution. This is a clear sign of something. Can no smart attorney, judge, trademark owner or social scientist figure out what dilution is and how to prove it? If not, why not? The writer contend that it is because dilution cannot be concretized. It cannot be brought into the realm of the real. It exists only in the realm of the imaginary. In intellectual property law today, this realm is powerful and a bit scary. It is kind of like the Matrix: You can feel it but you can't touch it.³¹ The Trademark Dilution Revision Act³² adopted on October 6, 2006, is the result of an almost two-year campaign to overturn the Supreme Court's 2003 decision in *Moseley v V Secret Catalogue, Inc.*³³ The TDRA responds to Moseley in two ways. First, and most important, it makes clear that a plaintiff need not prove 'actual dilution' to establish liability under Section 43(c),³⁴ but can obtain injunctive relief by showing that a defendant's use is "likely to cause dilution." Second, it makes clear that Section 43(c) covers tarnishment as well as blurring,³⁵ countering a suggestion in Moseley that the language of the statute might not include tarnishment.³⁶

²⁹ [1924] 300 F. 509 6th Circuit 1924)

³⁰ [1924] 41 RPC 74

³¹ C H Farley, 'Why We Are Confused about the Trademark Dilution Law Why We Are Confused about the Trademark Dilution Law' [2006] 16 Fordham Intell. Prop. Media & Ent. L.J. 1175, 1187

³² Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (2006). The original bill that became the TDRA was first introduced in February 2005

³³ [2003] 537 U.S. 418

³⁴ *Moseley v V Secret Catalogue, Inc* [2003] 537 U.S. 418 at 423

³⁵ Trademark Dilution Revision Act, section 43(c)(2)(B)-(C).

³⁶ R G Bone, 'A Skeptical View of the Trademark Dilution Revision Act' [2007] 11 Int. Prop. L. Bull. 187, 187