

THE ESSENCE OF TRADEMARK DILUTION

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ABSTRACT: Trademark dilution is a relatively new concept in the field of intellectual property protection. It means any unauthorized use of a mark similar to a well-known mark that reduces its moral value or affects its main function, which is to distinguish goods and services from others in the market, even if it does not cause misinformation or confusion among the consumer public. This concept represents an evolution in liability for infringement of the mark it focuses on the moral damage that may be caused to a mark as a result of its illegal use in commercial or non-commercial contexts. This concept emerged in response to the need to protect well-known marks from illegal exploitation that is not based on direct competition, but rather on undermining their reputation or distinguishing them. It is divided into two basic forms: confusion, where use weakens the discriminatory power of the mark, and distortion, where the mark is used in offensive or inappropriate contexts. The importance of trademark dilution lies in the fact that it goes beyond the traditional framework of protecting marks against imitation, to include more precise and complex forms, such as use in different fields, or in contexts that harm the reputation of the mark.

Keywords: Popular brands, Brand dilution, Distortion, Parasitic competition.

1. INTRODUCTION

In the face of globalization and economic openness, famous brands have become a vital element for any company seeking to achieve success. These brands are distinguished by their strong commercial attractiveness, as they attract consumers thanks to their reputation associated with the products they carry. For this reason, famous brands are vulnerable to illegal exploitation by merchants who seek to achieve personal gains at low costs, without considering the damage that may be caused to the original brand (Kanaan Al-Ahmar, 2004). This exploitation leads to what is known as "brand dilution", which is a phenomenon that weakens the distinction enjoyed by the famous brand, as its influence in the minds of consumers diminishes. This occurs as a result of linking the brand to products or services that have no connection to the original brand, which loses its commercial value over time, or may affect the reputation of the original brand after linking it to a product of poor quality (Narendra Goyal, 2011). Therefore, addressing this phenomenon has become an urgent legal necessity to protect the reputation of famous brands and ensure their continued excellence in the markets. The main legal problem lies in the difficulty of controlling this concept and defining its scope, especially in light of the overlap of its elements with traditional concepts such as imitation, and the absence of legal regulation by the Iraqi legislator to regulate the dilution of the trademark, and thus the extent to which it can be protected from these practices that would harm the reputation of the trademark (Jeremy N. Sheff, 2007).

2. Brand Bilution Concept.

Mitigation is a form of infringement on a well-known brand, as it includes any subsequent use that may weaken the brand's distinction or harm its reputation, even if it does not cause mental confusion among the public. This concept aims to provide broad protection for well-known brands from actions that may reduce their position in the market, whether through illegal commercial use or through sarcastic or offensive content.

2.1. Definition of Brand Dilution.

Trademark dilution was defined legislatively in Article (1127) of the La Neham Law of (1946), as "reducing the ability of a famous mark to identify and distinguish goods or services regardless of the presence or absence of competition between the owner of the famous mark and others, or (the possibility of confusion) or error or deception"(Stephen E. Noona Kaufman & Canoles, 2005). The majority of jurisprudence uses this term when defining mitigation at times and uses the term (weakening the mark) at other times, and it also defines its scope and scope of protection from mitigation within the framework of famous trademarks and not other marks, given that famous marks are marks that have wide fame that has given them special protection from the attacks that occur on them (Beerline, J. F. 2008). Which some call famous brands, i.e. well-known in a wide segment of the public, and enjoy a prestigious position and a good reputation (Sara gold, 2012).

Jurisprudence has defined trademark dilution by several different definitions. Some have defined it as: whenever it gradually reduces the ability of a well-known trademark to serve as a unique source of identification for goods and services (Mohammed Al-Faouri and Fahd Wahdani, 2020). The Intellectual Property Rights and Heritage Protection Authority have defined mitigation as: reducing the ability of a famous brand to identify and distinguish goods and services. The Intellectual Property Rights and Heritage Protection Authority have recognized two types of mitigation: "mitigation by distortion" and "mitigation by distortion." (Jacques De Werra, 2010). Some have defined it as: a connection that arises from the similarity between a mark or trade name and a famous mark, which can either weaken the distinction of the famous mark (distortion) or harm the reputation of the famous mark (distortion). Some define trademark dilution as "damage to the strength or effectiveness of a trademark resulting from the use of the mark on an unrelated product, which usually leads to (obliterating) the camouflage of the distinctive character of the trademark or distorting it with a bad association" (Jeremy N. Sheff, 2007).

There are those who have expanded the concept of mitigation and considered it a legal theory to protect the trademark regardless of whether there is confusion or not among the consumer, as they defined it as: a legal theory that allows owners of famous trademarks to prevent others from weakening the ability of their trademark to distinguish and identify products despite the absence of confusion among consumers (Mohan, M. P. 2023).

While some focused when defining dilution on the rational basis that Schechter came up with as a basis for dilution, scholars attribute the concept of trademark dilution to an article written by (Frank Schechter) in the Harvard Law Review in 1927 (Deacon, J., & Govender, I. 2007). Schechter believes that the real value of a brand is its ability to sell, which depends in part on its uniqueness and privacy in the market, and thus uniqueness and privacy can be weakened by another person's use of a similar or dissimilar brand, even on non-competitive goods, and he also defined it as "Any use by others in a way that reduces the uniqueness of the brand justifies and allows its owner to prevent this use" (Matthew D. Caudill, 2002). The International Trademark Association, which represents trademark owners and lawyers, defined mitigation as "the unauthorized use of a highly distinctive mark by another party in a way that obliterates its distinction or distorts its image even without the possibility of confusion" (Jacques De Werra, 2010).

Others defined dilution as "the gradual reduction of the distinctive capabilities of the brand, through its use in a way that leads to a gradual weakening of its marketing ability, which ultimately leads to the loss of the distinctive character and even its disappearance (Sébastien Roy, 2007). Therefore, to protect the brand from dilution, it must include what enables brand owners to maintain a state of mental connection between consumers and the brand ". Mitigation can be defined as: the use of a well-known trademark by others without the consent of its owner, in relation to products or services similar or dissimilar to those in which the trademark is used or in which it is registered, if such use would harm the trademark owner, whether by distorting the distinctive character of the mark or by tarnishing the reputation of the mark (Ram Mohan & Aditya Gupta, 2022).

2.2. Trademark Mitigation Conditions.

The principle of trademark dilution is considered one of the means of protection that enables owners of a well-known trademark to prevent others from using their trademark for a similar mark, even if this does not actually cause confusion among consumers (Hamdi Ghaleb Al-Jaghbeer, 2012). However, at the same time, acceptance of this claim is not automatic, as legal conditions must be met to govern this type of special protection (Sébastien Roy, 2007). Legislation, especially American law, has been keen to establish certain conditions that ensure that this protection is granted only in cases where the use of the mark is harmful to the interests of the mark owner without restricting or excessively restricting freedom of opinion or commercial use. These conditions are:

1. Trademark fame requirement: The plaintiff's mark must be famous, and there is no precise and specific definition in American law, but the courts have defined it as "a mark known to a wide segment of the American public, and linked in their minds to a specific source of goods and services, such that any use similar to the mark is assumed, which leads to weakening its distinction or harming its reputation, even without ambiguity or misleading" (Dima Basma, 2021). The trademark goodwill requirement in US law is a basic concept, especially within the framework of protection against dilution. Fame is a basic condition in trademark dilution claims, meaning that the plaintiff's mark must be well-known among the consumer public in America. US trademark law explicitly stipulates this concept in the Federal Trademark Act (FTDA) of 1995 as subsequently amended by the Trademark Mitigation Act (TDRA) of 2006 in Article (1125), this article clarifies what is meant by a well-known mark, and also clarifies the criteria that the court can use to determine the reputation of the mark (Roopal Singh , 2024). These criteria are:

- A. The duration and continuity of the brand's business and presence in the market. What is the degree of advertising, publicity and promotion of the brand until it became famous?
- B. The quantity and volume of sales of goods and services provided by the brand and what is the level of geographical spread of the brand.
- C. The extent to which the brand is actually recognized by the public.
- D. Find out if the mark is registered at the federal level (Kathleen Bodenbach, 2019).

2. The second condition is the use of someone else's mark for a commercial purpose: In order to achieve mitigation, it is required that someone else's use of the mark has taken place in a commercial context, meaning that the purpose of using a famous mark owned by someone else is to achieve material and economic benefit or to promote a service or commodity (Jeremy N. Sheff, 2007).

3. The third condition lies in causing harm to the trademark owner by distorting or distorting the mark. The basic principle is to prevent the use of the trademark whenever this use is likely to lead to confusion, error or deception for consumers, considering that trademark laws seek to protect the consumer on the one hand and the trademark owner on the other hand. Therefore, the trademark owner has the burden of proving the possibility of this confusion occurring (Dima Basma, 2021). However, the matter differs in the scope of mitigation, as under the (FTDA) law, the use of a mark that mitigates the distinction of a famous mark is considered in the absence of the possibility of confusion among consumers, because one of the basic reasons for protecting the mark from mitigation is that unauthorized use of a famous mark by another person can reduce its selling power and value (David L. or Wick, 2001).

Initially, it was relied upon to achieve the actual harm of obtaining mitigation for the famous trademark, and the American legislator intervened and issued the Trademark Mitigation Review Act of 2006 (TDRA), amending under federal law the Federal Mitigation Act of (FTDA), and under this amendment, Article (43) of the Lanham Act became stipulated (Ahmed Al-Baz Muhammad Metwally, 2019). "Bidjunctive relief subject to the principles of justice, the owner of a famous mark that is distinctive by nature or through acquired distinction has the right to obtain a court order against any other person, at any time after the owner's mark has become famous, You begin to use a mark or trade name in trade that is likely to cause dilution of camouflage or dilution by distortion of the famous mark regardless of its presence or absence, actual or potential confusion, competition, or actual economic damage(Beerline, J. F. 2008).

Under this amendment, a well-known mark is protected simply by proving the possibility of mitigation occurring against it. The owner of the mark no longer needs to prove actual damage, whether mitigation occurs through camouflage or distortion. Therefore, we are faced with mitigation if a mark is used by someone other than the well-known mark, and this use would lead to the possibility of weakening the distinctive ability of the well-known mark or harming its commercial reputation (Brajendu Bhaskar, 2008). In France, although there is no explicit text in French property law that includes the term dilution, this does not prevent French law from providing clear texts to protect the well-known trademark, as French law calls it French courts have also expanded the protection of a mark with an asymmetric reputation, based on the second paragraph of Article (713_5) of 1992, which stipulates that the person who uses it to distinguish dissimilar products or services shall be liable if such use would harm the owner of the mark or if such use represents unjustified exploitation of this mark (Buster Sanderson, 2017).

3. Types of Trademark Dilution.

The primary function of a brand is to distinguish the brand's goods and services from others in the market. It also reflects the identity of companies and gains consumers' trust by linking the brand to quality, credibility and good reputation. However, a brand, especially a famous one, may be exposed to brand dilution, either by weakening the brand's ability to distinguish its goods and products (Assaf, K. 2008). Here we are faced with a reduction in confusion or by affecting its reputation and distorting it, and the mitigation is through distortion.

3.1. Mitigation by Jamming.

The (TDRA) Law, in Article (1125-c-b-), defined mitigation by confusion as: an association arising from the similarity between a trademark or trade name and a famous mark that would weaken the distinction of the famous mark. We see that this definition focused on the mental connection that occurs to the consumer resulting from the similarity between a brand or trade name with a famous brand, which causes the uniqueness and distinction of the brand to be weakened. It does not have to be a mixture, but rather the mere similarity leads to weakening the uniqueness of the brand This definition indicates the expansion of the scope of legal protection for a well-known mark to include cases where the similarity between the marks may be minimal, but at the same time it affects the mind of the consumer (Graeme B. Dinwoodie & Mark D. Janis, 2008).

Mitigation by confusion is defined as: using a brand in a way that reduces its uniqueness by creating an association with products that are not related to the famous brand. It is clear from this definition that the illegal association between the mark and goods and services that are not similar to it leads to the loss of its distinctive character, which threatens its role as a unique indicator of the source of the mark (David L. or Wick, 2001). The definition clearly and explicitly distinguishes between noise mitigation and other traditional forms of trademark assault, giving well-known marks a broader scope of protection regardless of the condition of similarity or competition between the marks. We note that this definition is broad and comprehensive of the concept of noise mitigation (Kanaan Al-Ahmar, 2004).

Some even expressed its effect as eroding the uniqueness and exclusivity of the brand. This definition is precise and essential, as it is an accurate description of the legal nature of mitigation because it focuses on the essential effect of this phenomenon, which is that the mark loses its discriminatory power, as the ability of the famous mark

to distinguish goods and services disappears, even if there is no direct confusion between other goods and services (Ahmed Al-Baz Muhammad Metwally, 2019).

Mitigation of confusion is also defined as: performing actions that make one person benefit from another person's achieved efforts and the reputation of his name and products. The confusion is manifested in the exploitation of the brand's popularity and confusion in the consumer's mind (Justin J. Gunnell, 2008). As a result of economic developments, communications, media and advertising, many brands, especially famous ones, have a marketing power among consumers that goes beyond the type of basic products or services for which these brands were used, to the point that using or using these brands on similar or dissimilar products and services that do not compete with the basic products or services associated with them is likely to create a link between these products and the owner of the famous brand, this creates confusion among consumers about the source of these products and services, as they believe that they are issued by the owner of the famous brand. This type of dilution focuses on the unique and distinctive character of the brand (Narendra Goyal, 2011).

French law introduced a somewhat similar term derived from the idea of parasitism, known as (parasitic competition), which is defined as: the act of another who lives as a parasite on the property of another person, benefiting from the efforts he has made as well as the reputation of his name and products (Jeremy N. Sheff, 2007). This concept finds its justification in the necessity of being able to ensure the protection of the economic elements that the parasitic party wants to exploit in order to try to benefit from the money and efforts made by others (Brajendu Bhaskar, 2008). This term was introduced by the French Civil Code in Article (1382) on unfair competition and is recognized in the French Intellectual Property Code in Article (L.713.5), which states that "The use of a well-known trademark for products or services not similar to those specified in the registration creates civil liability for its author if it is likely to cause harm to the trademark owner or if such use constitutes unjustified exploitation (Hamdi Ghaleb Al-Jaghbeer, 2012).

3.2. Mitigation by Distortion.

Article (1125-C-2B) of the (TDRA) Law defines mitigation by distortion as: an association arising from the similarity between a trademark or trade name and a famous mark that leads to damage to the reputation of a famous mark (Kathleen Bodenbach, 2019). We note that this definition is similar to the definition of dilution through confusion; the difference between them is that the first dilution harms the uniqueness and distinction of the mark, while the second harms the reputation of the mark. At the level of jurisprudence, some have defined it as: the similarity of a small mark to a famous mark until consumers mistakenly associate the famous mark with the defendant's inferior and abusive product. Some define it as: the use of a mark by another person in an inappropriate or offensive manner, which may distort, diminish or end the distinctive quality of the mark (Mohammed Al-Faouri and Fahd Wahdani, 2020).

Others defined it as: The effect of unauthorized use by the defendant is to distort the distinctive quality of the mark or degrade its value. The same notes apply to this definition as mentioned above. While others defined it as: reducing the reputation of a brand by imitating it or using it in an offensive or negative way (Stephen E. Noona Kaufman & Canoles, 2005). We note that this definition is the closest to the concept of dilution by distortion, as it shows the method in which the mark is distorted, as well as the effect of the brand's reputation as a result of this use, but it is not considered comprehensive for all cases of dilution by distortion, i.e. it is narrow and cannot be used to explain new cases in which the mark is distorted (Deacon, J., & Govender, I. 2007). Distortion mitigation is also defined as: This mitigation occurs when others use a famous brand in a way that links it to poor-quality goods or services that reduces its marketing ability, or links it to inappropriate products or unethical content, which harms its reputation and mental quality among consumers. Therefore, this association has a negative impact on the reputation of the famous brand, whether it is used on similar goods and products, on dissimilar goods and services, or it is used in a context that indicates immoral content or drug use, for example (Graeme B. Dinwoodie & Mark D. Janis, 2008).

Preventing distortion mitigation aims primarily to preserve the image of the famous brand as it was created by its owner. This is evidence that the law (TDRA) expanded the concept of distortion, so that the behavior of the user of the mark by creating a negative association with the original trademark can be considered a distortion of the original mark even if there was no direct intention to offend, which led to an overlap between distortion and other forms of trademark protection (Mohan, M. P. 2023). For example, the sale of counterfeit goods has been treated as a defamation because it may cause confusion to consumers about whether the goods are original or not, and they attribute poor quality to the famous brand, thinking that it belongs to it (Ram Mohan & Aditya Gupta, 2022).

The rationale for filing a lawsuit to mitigate a well-known trademark by distortion is that distorting the reputation of the well-known trademark will cause economic harm to the owner of the trademark, and in most cases the plaintiff bears the burden of proving this, which is usually easier and easier when the use of the trademark relates to bad, inappropriate, or illegal use (Matthew D. Caudill, 2002).

CONCLUSION

By studying the nature of trademark dilution, it becomes clear to us that this concept constitutes an advanced extension of trademark protection, such that the scope of protection is not limited to imitation of the mark or competition, but has expanded to include actions that lead to undermining the discriminatory function of the mark, weakening its uniqueness in the public mind, or harming its reputation. This change is considered a natural response to the nature of the modern market, in which the moral and symbolic value of the mark has become an essential part of its commercial assets. The protection granted to trademarks, especially well-known ones, is characterized by a protective nature, as actual damage is not required in mitigation claims, but rather meets the possibility of it occurring. The positions of the laws being compared regarding trademark dilution varied between recognizing it and regulating its provisions explicitly, such as American law, and implicit recognition, such as French law, through what is known as parasitic competition. This discrepancy reflects a difference in the foundations from which each legal system proceeds to protect reputation and commercial discrimination. As for Iraqi law, there was a legislative vacuum that did not include an explicit or implicit text regulating this type of protection.

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