

## THE SENSE AND SENSIBILITY IN THE ANTI-DILUTION RIGHT

Modern trade mark law is no longer just about preventing confusion in the marketplace. It is also about preventing the “dilution” of the distinctiveness or reputation of a trade mark. Critics of this anti-dilution right has slammed it for its lack of juridical basis and for its very amorphous scope, raising the concern that this uncertainty can have a chilling effect on fair and free competition in business. For better or worse, the anti-dilution right is now part of the trade mark landscape in Singapore. The aim of this article is to inject some certainty into the dilution analysis.

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### I. Introduction

1 Once upon a time, trade mark law was a relatively uncomplicated area. There was one and only one aim in trade mark law, namely, to prevent confusion and deception in the marketplace. Today, this aim remains as valid as ever, and just two years ago, the Court of Appeal reminded us of this when it said:<sup>1</sup>

We ought not to lose sight of the fact that a trade mark law is aimed at preventing confusion and deception, [that is], to ensure that consumers do not confuse the trade mark source of one product with another.

2 In the common law action for passing off, this aim manifests itself in the second element of “misrepresentation” in the cause of action.<sup>2</sup> In the statutory or registration system, this aim is considered so fundamental that the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS Agreement”) gave expression to it in Article 16(1), which requires all World Trade Organization (“WTO”) member countries to protect a registered trade mark against unauthorised use of the mark which is likely to cause confusion.<sup>3</sup>

1 *Mobil Petroleum Co Inc v Hyundai Mobis* [2010] 1 SLR 512 at [33].

2 The first and third elements of the cause of action are goodwill enjoyed by the plaintiff and damage to this goodwill, respectively.

3 More specifically, the critical part of Art 16(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights provides: “The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the  
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Confusion as a notion is something familiar to even a layperson, and within the legal circle we all know that the confusion inquiry is largely a factual one,<sup>4</sup> one that is governed by well-established factors such as the degree of similarity between the plaintiff's mark ("senior mark") and the defendant's mark ("junior mark") and the proximity of the goods or services in question.<sup>5</sup> Further, the justification of the law preventing confusion is uncontroversial. There is the element of consumer protection, as well as the need to ensure fair play amongst traders. When the junior mark is mistaken by the consumer for the senior mark, and as a result, sales intended for the plaintiff are diverted to the defendant, this must qualify as unfair competition, something to be stopped. Indeed, this argument is supported by international law. Article 10*bis* of the Paris Convention for the Protection of Industrial Property ("Paris Convention"), which obliges members of the Paris Union to give effective protection against unfair competition, deems any act of "such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor" to be an act of unfair competition.<sup>6</sup> Another justification comes from an economic analysis. William Landes and Richard Posner explained the economic value of a trade mark:<sup>7</sup>

The value of a trademark to the firm that uses it to designate its brand is the saving in consumers' search costs made possible by the information that the trademark conveys or embodies about the quality of the firm's brand. The brand's reputation for quality and thus the trademark's value depend on the firm's expenditures on product quality, service, advertising, and so on. Once the reputation is created, the firm will obtain greater profits because repeat purchases and word-of-mouth references will add to sales and because consumers are willing to pay a higher price in exchange for a savings in search costs and an assurance of consistent quality.

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owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion."

- 4 For a statement of this principle by the Singapore Court of Appeal, see *Tong Guan Food Products Pte Ltd v Hoe Huat Hng Foodstuffs Pte Ltd* [1991] 1 SLR(R) 903 at [24] (for passing off) and *Future Enterprises Pte Ltd v McDonald's Corp* [2007] 2 SLR(R) 845 at [7] (for the Trade Marks Act (Cap 332, 2005 Rev Ed)).
- 5 For an excellent summary of the principles and factors governing the confusion inquiry, see the High Court's judgment in *MediaCorp News Pte Ltd v Astro All Asia Networks plc* [2009] 4 SLR(R) 496 at [43].
- 6 See, in particular, Art 10*bis*(3)(1) of the Paris Convention for the Protection of Industrial Property. The obligation in Art 10*bis* to give effective protection against unfair competition is also an obligation undertaken by World Trade Organization members: see Art 2(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights.
- 7 William Landes & Richard Posner, *The Economic Structure of Intellectual Property Law* (Harvard University Press, 2003) at p 168.

3 In other words, a trade mark, in its role as badge of origin or quality, provides the consumer with an efficient way of locating the goods or services he wants and at the same time provides the firm with the incentive to invest in building, maintaining or improving the quality of its goods or services. The presence in the marketplace of a junior mark that is confusingly similar to the senior mark destroys the badge-of-origin and badge-of-quality functions of the senior mark, and hence the use of this junior mark must be disallowed.

4 Where then does the complication in trade mark law lie today, and why? In some countries, a special category of trade mark proprietors – those whose marks enjoy a certain level of reputation – now have a right to prevent “dilution” of their trade mark, and dilution can occur in the absence of confusion. What the anti-dilution law protects is the “selling power” of the trade mark. This was the thesis of Frank Schechter, the American lawyer who is often credited as the father of the anti-dilution right. In 1927, he published an article in the *Harvard Law Review*, advocating that trade mark law should stop unauthorised use of iconic marks on non-competing goods or services – for example, if KODAK was used for bath tubs and cakes – even when the purchasing public would not be misled into thinking that these goods originated from the proprietor of the iconic mark. Schechter argued that, even in the absence of confusion, something else belonging to the proprietor of the iconic mark was harmed. This was the “selling power”<sup>8</sup> of the iconic mark, that is, the mark’s “psychological hold upon the public, not merely upon the merit of the goods upon which it is used, but equally upon its own uniqueness and singularity.”<sup>9</sup> If it is unclear what exactly it is that the anti-dilution right seeks to protect, perhaps the explanations from the European Court of Justice (“ECJ”) will help. According to this court, the anti-dilution right protects the “advertising” and “investment” functions of a trade mark.<sup>10</sup> The trade mark performs the advertising function when it is used by its proprietor “for advertising purposes designed to inform and persuade consumers”,<sup>11</sup> and the investment function when it is used by its proprietor to “acquire or preserve a reputation capable of attracting consumers and retaining their loyalty”.<sup>12</sup> If the reader is still grappling with the aim of the anti-dilution right, it should be obvious by now where the complication in modern trade mark law lies.

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8 Frank Schechter, “The Rational Basis of Trademark Protection” (1927) *Harv L Rev* 813 at 819.

9 Frank Schechter, “The Rational Basis of Trademark Protection” (1927) *Harv L Rev* 813 at 831.

10 For a very recent case that referred to the “advertising” and “investment” functions of a trade mark, see *Interflora Inc v Marks & Spencer plc* [2012] FSR 3 (ECJ).

11 *Google France SARL v Louis Vuitton Malletier SA* [2010] RPC 19 (ECJ) at [91].

12 *Interflora Inc v Marks & Spencer plc* [2012] FSR 3 at [60].

5 The only certainty about the anti-dilution right is that the absence or presence of confusion is an irrelevant consideration in the dilution inquiry. Therefore the court can find that the defendant's mark causes both confusion and dilution, or that the defendant's mark causes no confusion but dilution, or that the defendant's mark causes neither confusion nor dilution. Aside from the established principle that dilution is not confusion, there is complaint that not much else is clear about the concept of dilution.<sup>13</sup> Elusiveness cannot be ideal in a law that regulates business activities. In particular, from the competition point of view, too much uncertainty makes it more difficult for the small- and medium-sized entities ("SMEs") to break into a sector that is dominated by a very well-known name. SMEs are more likely to back down in the face of dilution claims: if their trade mark lawyer cannot advise with a reasonable degree of certainty whether the dilution claim is valid or not, why would they take the risk and battle in court with the "big boys" who have far deeper pockets? The ambiguity in the scope of anti-dilution right and the potential chilling effect it has on free competition are the reasons why it has many critics.<sup>14</sup>

6 For better or worse, the anti-dilution right was introduced into the Singapore Trade Marks Act<sup>15</sup> in 2004. This article attempts to delineate the boundaries of this right, and in this way, to inject some certainty into the dilution inquiry. The structure of this article is as follows. Part II sets out the background information to the anti-dilution right. It traces the origins of this right, its emergence in the civil law countries and the two major common law countries, the US and the UK, as well as the reasons for its adoption in Singapore. There are three prohibited acts in the anti-dilution right in Singapore: causing dilution by "blurring" in an unfair manner; causing dilution by "tarnishing" in

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13 See, for example, Maureen Morrin & Jacob Jacoby, "Trade Mark Dilution: Empirical Measures for an Elusive Concept" (2000) 19 J Pub Pol'y & Marketing 265.

14 Critics from academia include Dominic Scott, Alex Oliver and Miguel Ley-Pineda ("Trade Marks as Property: A Philosophical Perspective" in *Trade Marks and Brands: An Interdisciplinary Critique* (Lionel Bently, Jennifer Davis & Jane C Ginsburg eds) (Cambridge University Press, 2008) at ch 13); Thomas McCarthy ("Dilution of a Trade Mark: European and United States Law Compared" in *Intellectual Property in the New Millennium: Essays in Honour of William R Cornish* (David Vaver & Lionel Bently eds) (Cambridge University Press, 2004) at ch 11); David Vaver ("Unconventional and Well-Known Trade Marks" [2005] Sing JLS 1 at 16); and William Cornish (*Intellectual Property: Omnipresence, Distracting, Irrelevant?* (Oxford University Press, 2004) at pp 89–101). Critics from the judiciary include Justice Louis Harm ("Death of a Trade Mark Doctrine? Dilution of Anti-Dilution" in *The Common Law of Intellectual Property: Essays in Honour of Professor David Vaver* (Catherine W Ng, Lionel Bently & Giuseppina D'Agostino eds) (Hart Publishing, 2010) at ch 17) and Judge David Edward ("Trade Marks, Description of Origin and the Internal Market: The Stephen Stewart Memorial Lecture 2000" [2001] Intell Prop Q 135).

15 Cap 332, 2005 Rev Ed.

an unfair manner; and “taking unfair advantage”. Part III looks at the first two prohibited acts, while Part IV looks at the third prohibited act.

## II. Background to the anti-dilution right

### A. The origins of the anti-dilution right

7 It has been mentioned that Frank Schechter is the father of the anti-dilution right. Other than authoring that influential article in 1927,<sup>16</sup> Schechter even appeared in 1932 before a US congressional committee to urge the enactment of an anti-dilution law that he had drafted. He explained the purpose of the anti-dilution right:<sup>17</sup>

I think there is not only the question of deception of the public, but I believe from the reasoning of this German court I have quoted, the person who has the trade-mark should be able to prevent other people from vitiating the originality, the uniqueness of that mark. If you take Rolls Royce – for instance, if you allow Rolls Royce restaurants and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in ten years you will not have the Rolls Royce mark any more. That is the point.

8 The US Congress, however, did not grant Schechter his wish at that time. It was only much later that the Federal Trademark Dilution Act of 1995 was enacted, introducing the anti-dilution provision into the US trade mark legislation, the Lanham Act.<sup>18</sup>

9 There are three points to note about Schechter’s testimony quoted above. First, the harm to the ROLLS-ROYCE mark that was envisaged by Schechter in his illustration has acquired a more specific label, namely, dilution by “blurring”. Second, the ROLLS-ROYCE mark typified the special category of trade marks that Schechter had in mind when devising this new right. ROLLS-ROYCE is an iconic mark in the sense that its reputation has reached a level where one could say that it has become a household name. Third, Schechter referred to a German decision to support his case for the enactment of the anti-dilution right.

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16 Frank Schechter, “The Rational Basis of Trademark Protection” (1927) Harv L Rev 813.

17 The Hearings before the Congressional Committee on Patents, 72nd Cong, 1st Sess 15 (1932) at pp 287–289. Mr Schechter’s testimony before the Congressional Committee was referred to by Advocate-General in *Adidas-Saloman AG v Fitness Trading Ltd* [2004] FSR 21 at [37].

18 Lanham Act 60 Stat 427 (1946) (US) § 43(c). This provision was subsequently amended by the Trademark Dilution Revision Act of 2006 Pub L No 109-312, 120 Stat 1730 (2006) (US); see further paras 17–19 below.

He had cited the following German decision in his 1927 article:<sup>19</sup> the 1924 *ODOL* case where the proprietor of the senior mark ODOL, a mark well known for steel products, complained about a third party's registration of the junior mark ODOL in respect of mouth wash. The German court found that the proprietor's efforts in promoting the senior ODOL mark for its steel products had created a mark with "selling power", and even though the parties were not in actual competition and hence there was no risk of confusion, this "selling power" of the ODOL mark would be lessened or "*verwässert*" ["diluted"]<sup>20</sup> if it was used in relation to other products like mouth wash. Herein lies the true birthplace of the term "dilution".

10 In the rest of Part II, the author will trace the development of the anti-dilution right in the European Union ("EU") and the US. These jurisdictions are particularly relevant for Singapore because our anti-dilution right is a mix of the European and US models.

### **B. The European anti-dilution right**

11 The other German case that is often linked to the anti-dilution right is the *DIMPLE* case decided by the Federal Supreme Court in 1984.<sup>21</sup> Here the proprietor of the DIMPLE mark well known for whisky succeeded in its action against the defendant who had registered and was using the mark DIMPLE for cosmetics. The court found that the action of the defendant caused a "transference of the reputation of the whisky trademark by the consumer"<sup>22</sup> to the defendant's cosmetics, and to this extent, the defendant was exploiting the DIMPLE mark's reputation in the promotion of its own products. What is interesting is that the legal basis of both the *ODOL* and *DIMPLE* cases was not found in the German Trade Marks Act, which at that time could not assist a trade mark proprietor when the unauthorised use or registration of his trade mark was in relation to non-competing goods or services.<sup>23</sup> Instead, the courts used the notion of "*gegen die guten Sitten*" ["contrary to good morals"] to pin liability on the defendant. In the *ODOL* case, the court invoked this notion present in a general tort law provision in

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19 Frank Schechter, "The Rational Basis of Trademark Protection" (1927) Harv L Rev 813 at 831.

20 Frank Schechter, "The Rational Basis of Trademark Protection" (1927) Harv L Rev 813 at 832.

21 (1986) 17 IIC 271. This case is further discussed at para 76 below.

22 *DIMPLE* (1986) 17 IIC 271 at 275.

23 Gerhard Schricker, "Unfair Use of and Damage to the Reputation of Well-Known Marks, Names and Indications of Source in Germany: Some Aspects of Law and Economics" (1986) 17 IIC 146 at 147-148; Karl-Heinz Frezer, "Trademark Protection under Unfair Competition Law" [1988] IIC 192 at 200.

the German Civil Code of 1896.<sup>24</sup> In the *DIMPLE* case, the court invoked this notion present in the general provision of the German Act Against Unfair Competition 1909.<sup>25</sup> The German phrase “*gegen die guten Sitten*” can also be translated into “contrary to honest practices”. The latter phrase brings to mind Article 10*bis*(2) of the Paris Convention, which defines an act of unfair competition to mean “[a]ny act of competition *contrary to honest practices* in industrial or commercial matters” [emphasis added]. The author’s purpose in making this connection is to highlight that the anti-dilution right in Germany has its roots in its general tort law aimed at preventing unfair competition. It has been shown that unfair competition is also the justification underlying confusion-based trade mark rights. The difference is that the Germans have a broader understanding of what unfair competition is. To the Germans, a trading practice that causes confusion is but an example of an act of unfair competition. They would argue that their broader understanding of unfair competition is consistent with what is envisaged in Article 10*bis* of the Paris Convention.<sup>26</sup>

12 Other Continental European countries whose jurisprudence embraces the notion of “good morals” or “honest practices” include France and the Netherlands. In France, this is found in the tort provision within the French Civil Code,<sup>27</sup> which aimed at preventing damage caused by behaviour falling short of that of “*bonus pater familias*” (the Roman law equivalent of the reasonable man on the Clapham omnibus). This provision was used by the courts to develop the “*action en concurrence déloyale*” [“action of unfair competition”] and, more specifically, the concept of “*concurrence parasitaire*” [“parasitic competition”] to stop a trader from using another’s trade mark or packaging in the absence of confusion.<sup>28</sup> For example, in the

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24 This general tort provision is s 826 of the German Civil Code of 1896, which provides: “Any person who, in the course of trade and for the purposes of competition, commits acts *contrary to good morals* may be enjoined from such acts and held liable for damages.” [emphasis added]

25 This provision was s 1 of the German Act Against Unfair Competition 1909, which provided: “Any person who, in the course of business activity and for purposes of competition, commits acts *contrary to good morals* may be enjoined from these acts and held liable for damages.” [emphasis added] The Act Against Unfair Competition 1909 has since been replaced by a new law, the Act Against Unfair Competition 2004.

26 Art 10*bis*(3) of the Paris Convention for the Protection of Industrial Property treats an act that causes confusion as an example of acts of unfair competition.

27 This provision is Art 1382 of the French Civil Code, which provides: “Any loss caused to a person through the behaviour of another must be repaired by the person whose fault it was that the loss occurred.”

28 See Walter J Derenberg, “The Influence of the French Civil Code on the Modern Law of Unfair Competition” (1955) 4 Am J Comp L 1 and Friedrich-Karl Beier, “The Law of Unfair Competition in the European Community: Its Development and Present Status” (1985) 16 IIC 139.

1993 decision of *Mars Alimentaire v Société Aegean Trade Co*,<sup>29</sup> the defendant was found liable for engaging in “parasitic competition” by marketing its chocolate bars under the trade mark METRA in packets of mini-bars in size and weight identical to the packs of the plaintiff’s well-known MARS chocolate bars even though there was no likelihood that the public would be confused by the two marks or the packaging into thinking that the two products came from the same source. In the Netherlands, there is a provision in its Civil Code making it a tort to act “contrary to what is proper behaviour in society”.<sup>30</sup> The Dutch courts used this tort provision to develop a doctrine of unfair competition that eventually found its way into Article 13A(2) of the Uniform Benelux Law on Marks of 1971.<sup>31</sup> The case *CLAERYN/KLAREIN*,<sup>32</sup> a very famous case amongst those familiar with the anti-dilution right, was decided under this provision. The Benelux Court of Justice held that the senior mark CLAERYN for gin would be damaged by the use of the junior mark KLAREIN for washing detergent, even if there was not likely to be any confusion. The damage to the senior mark has been explained in this way: “[N]o one likes to be reminded of a detergent when drinking their favourite tippel.”<sup>33</sup> This Benelux law later served as model for the anti-dilution provision in the EU Council Directive to approximate the laws of the Member States relating to trade marks<sup>34</sup> (“EU Trade Marks Directive”).

29 For a report and comment of this case, see Pascale Trefigny, “France – Trade marks/Unfair Competition” [1993] EIPR D-282. See also Claus, “The French Law of ‘Disloyal Competition’” [1995] EIPR 550, which reported on cases such as *SARL Parfum Ungaro v SARL J J Viver* (1989) and *SA Montres Pequinet v Société Quantième* (1989), where the defendants in both cases were held liable under the concept of “parasitic behaviour” in the absence of any infringement of intellectual property rights including confusion-based trade mark rights.

30 See Anselm Kamperman Sanders, *Unfair Competition Law: The Protection of Intellectual and Industrial Creativity* (Oxford University Press, 1997) at p 33. See also D W Feer Verkade “Unfair Use of and Damage to the Reputation of Well-known Trademarks, Trade Names and Indications of Source – A Contribution from the Benelux” [1986] IIC 768.

31 The Uniform Benelux Law on Marks of 1971 was enacted to harmonise the trade mark laws of the Benelux countries, comprising Belgium, the Netherlands and Luxembourg. The original Art 13A in this law provided:

Without prejudice to the possible application of ordinary civil law in matters of civil liability, the proprietor of a mark may, by virtue of his exclusive right, oppose:

- (1) any use of the mark or a similar sign for products for which the mark was registered or for similar products;
- (2) any other use of the mark or a similar sign in the course of trade and without due cause which was liable to be detrimental to the trade mark owner.

32 [1976] IIC 420.

33 *Oasis Stores Ltd’s Trade Mark Application* [1998] RPC 631 at 651.

34 First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ L 40, 11 February 1989, pp 1–7). (Note that the current official title of this directive is the following: Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to

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13 By way of contrast, there is no general law of unfair competition in the UK. In 1889, Fry J explained that “to draw a line between what is fair and unfair competition, between what is reasonable and unreasonable, passes the power of the Courts”.<sup>35</sup> The real reason, though, appears to be the concern that English judges have about the common law creating monopolies on the back of general notions of “contrary to good morals” and “contrary to honest practices”. Jacob J (as he then was) looked upon copying that did not result in confusion as “part of the lifeblood of competition” because such copying was an effective means of breaking *de facto* monopolies and keeping down the prices of articles that were not protected by special statutory monopolies such as patents or registered designs.<sup>36</sup> This tendency of English judges to shy away from intervening in business disputes when the defendant’s copying has not misled the plaintiff’s consumers became very obvious when the EU moved to harmonise the trade mark laws of its member states in 1988 via the EU Trade Marks Directive. The anti-dilution provision in the EU Trade Marks Directive used the following formula: “without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark”.<sup>37</sup> The English legislature dutifully introduced this formula into the UK Trade Marks Act 1994.<sup>38</sup> Yet in the early days of this new law, some English judges persisted in holding that presence of confusion was a necessary ingredient in this formula.<sup>39</sup> It took a decision of the ECJ in 1997 to resolve this.<sup>40</sup>

14 Subsequently the ECJ elaborated that, not only was confusion irrelevant in the dilution inquiry, there were, in fact, three separate and

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approximate the laws of the Member States relating to trade marks (OJ L 299, 8 November 2008).) The influence of the Benelux law in the European anti-dilution provision was referred to by the European Commission in a case brought to the European Court of Justice, thereby allowing the Advocate-General to come to the conclusion in the case that the European anti-dilution provision was “clearly based on” the original Art 13A(2) of the Uniform Benelux Law on Marks of 1971: see *General Motors Corp v Yplon SA* [1999] ETMR 122 at [28]–[29].

35 *The Mogul Steamship Co Ltd v McGregor Gow & Co* (1889) 23 QBD 598 at 625–626.

36 *Hodgkinson Corby Ltd v Wards Mobility Services Ltd* [1995] FSR 169 at 173.

37 Art 5(2) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ L 40, 11 February 1989, pp 1–7). See also Art 4(3), which prohibits registration of the junior mark if its use “without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the [senior] trade mark”.

38 c 26. See s 5(3) (on registration) and s 10(3) (on infringement) of the Trade Marks Act 1994 (c 26) (UK).

39 *BASF plc v CEP (UK) plc* (26 Oct 1995) (unreported) (Knox J); *Baywatch Production Co Inc v The Home Video Channel* [1997] FSR 22 (per Crystal QC, deputy judge). See also *British Telecommunications plc v One In A Million Ltd* [1999] FSR 1 at 25 (where Aldous LJ, although not satisfied that presence of confusion was a necessary ingredient in s 10(3) of the UK Trade Marks Act 1994 (c 26), was prepared to assume that it was).

40 *Sabel BV v Puma AG* [1998] RPC 199 at [20].

independent acts prohibited by the anti-dilution right.<sup>41</sup> The first prohibited act relates to the use of the junior mark which “without due cause ... is detrimental to the distinctive character” of the senior mark. This prohibited act has now become known as “dilution by blurring”; the German *ODOL* case and Schechter’s *ROLLS-ROYCE* scenario are examples of blurring. The second prohibited act relates to the use of the junior mark which “without due cause is detrimental to the repute” of the senior mark. This has now become known as “dilution by tarnishing”, and is typified by the facts of the Benelux case in *CLAERYN/KLAREIN*. The third prohibited act relates to use of a sign which “without due cause takes unfair advantage of ... the distinctive character or the repute” of the trade mark. This third prohibited act is now known as “free riding”.<sup>42</sup> The facts of the German *DIMPLE* case are said to be illustrative of free riding. The focus in free riding is to prevent the defendant from gaining an undeserved *benefit*. In this way, free riding is different from dilution by blurring and dilution by tarnishing because the latter two are concerned with preventing *harm* to the senior mark. The ECJ having spoken in this area, the sceptics amongst the English judiciary were left with no choice but to set aside their discomfort with the anti-dilution right. Jacob LJ (as he then was) lamented that he had to apply it as a matter of “duty”.<sup>43</sup>

15 There are a few other aspects of the European anti-dilution right that should be noted. The first point is rather obvious: the junior mark must be identical with or so similar to the senior mark such that the public would make a mental association or “link” between these two marks.<sup>44</sup> Establishing this link is a necessary but not sufficient condition in a dilution claim. It must be shown, in addition, that the link would cause one of the three injuries (dilution by blurring, or dilution by tarnishing, or taking unfair advantage).<sup>45</sup> Second, once the plaintiff has made out a case that the mental association would cause one of the three injuries, the defendant is liable unless he can show that there is “due cause” permitting his use of the senior mark.<sup>46</sup> To a certain extent, the “without due cause” ingredient in the European anti-dilution right operates like a general defence in a dilution infringement action. There are also specific defences: use of one’s own name; use to describe the quality of the goods; and use that is necessary to indicate the intended purpose of the product.<sup>47</sup> Third, only proprietors of a *registered* trade

41 *Intel Corp Inc v CPM UK Ltd* [2009] ETMR 13 at [27].

42 *Interflora Inc v Marks & Spencer plc* [2012] FSR 3 at [74].

43 *L’Oréal SA v Bellure NV* [2010] RPC 23 at [50].

44 *Adidas-Salomon AG v Fitnessworld Trading Ltd* [2004] FSR 21 at [29].

45 *Intel Corp Inc v CPM UK Ltd* [2009] ETMR 13 at [32].

46 *Interflora Inc v Marks & Spencer plc* [2012] FSR 3 at [89].

47 See Art 6(1) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ L 40, 11 February 1989, pp 1–7). All these defences are subject to the condition that the  
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mark with a reputation can bring a dilution infringement action. Fourth, the requisite level of reputation that needs to be proved, according to the ECJ, depends on the product or service in question, and it is possible for this right to be granted to a registered proprietor whose trade mark does not have a reputation amongst the general public but has a certain reputation within a more specialised public, for example, traders in a specific sector.<sup>48</sup> This level of reputation is commonly referred to as “niche fame”. One English judge very recently indicated that this level of reputation set out by the ECJ is “not a particularly onerous requirement” to satisfy.<sup>49</sup> Fifth, in a dilution infringement claim, the remedies available to the registered proprietor include monetary awards and an injunction.

### C. The US anti-dilution right

16 Ironically in the US, the country often thought of as the birthplace of the anti-dilution right (because of Schechter), the anti-dilution right did not have an easy rite of passage. It has been mentioned that Schechter failed to get Congress to enact the right in 1932. There was another failed attempt in 1988. This time, the reason was given that an anti-dilution right would impede something much treasured by the Americans, namely, the First Amendment right,<sup>50</sup> in particular, the right of free speech to criticise and parody. This explains why, when the anti-dilution right finally found its way into the Lanham Act in 1995,<sup>51</sup> this right was explicitly made subject to three defences, all of which embodied some element to promote free speech. These defences were fair use in comparative advertising, non-commercial use and news reporting or commentary.<sup>52</sup> The 1995 anti-dilution right protected “famous” marks against use in commerce that “cause[d] dilution of the distinctive quality of the mark”,<sup>53</sup> and the statutory

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use must be “in accordance with honest practices in industrial and commercial matters”.

48 *General Motors Corp v Yplon SA* [1999] ETMR 122 at [21].

49 *DataCard Corporation v Eagle Technologies Ltd* [2011] RPC 17 at [291].

50 This reason was referred to by the Supreme Court in *Moseley v V Secret Catalogue Inc* 537 US 418 at 431 (2003).

51 Note that prior to 1995, the anti-dilution right had existed in the US as state law. States that enacted this right included Massachusetts (1947), Illinois (1953), Georgia (1955), New York (1955) and Connecticut (1963).

52 See the original § 43(c)(4) of the Lanham Act (1946) (US):

The following shall not be actionable under this section:

(A) Fair use in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(B) Noncommercial use of a mark.

(C) All forms of news reporting and news commentary.

53 See the original § 43(c)(1) of the Lanham Act (1946) (US).

definition of the term “dilution” was clear that confusion was an irrelevant consideration in the inquiry.<sup>54</sup>

17 The victory of those who lobbied for the federal anti-dilution right was relatively short-lived. In 2003, the 1995 anti-dilution right was dealt a serious blow by the Supreme Court in a landmark case *Moseley v V Secret Catalogue Inc*<sup>55</sup> (“*Moseley*”). The battle was between the proprietor of the VICTORIA SECRET mark famous for lingerie, and a trader by the name of Victor Moseley who sold adult novelty items under the mark VICTOR’S LITTLE SECRET in a small retail shop. There was evidence that the public made a mental association between the senior mark and the junior mark, but this mental association did not lead the public to think that the two were related in some business sense. According to the Supreme Court, whilst confusion was not a necessary ingredient in the 1995 anti-dilution right, this right was not infringed merely because the public made a mental association between the two marks. Proof of this mental association *per se* was not good enough. The anti-dilution right was infringed only if this mental association resulted in dilution. In other words, dilution was not a “necessary consequence” of mental association.<sup>56</sup> The real issue that the Supreme Court had to decide was whether this mental association must have caused actual dilution or whether it was sufficient to show that this mental association was likely to cause dilution. The Supreme Court held that the wording of the 1995 anti-dilution right required proof of actual dilution. Further, the Supreme Court suggested that the wording of the 1995 anti-dilution right prohibited only one type of dilution, namely, dilution by blurring – thus casting doubt on the then widely held assumption that the concept of “dilution” in the 1995 anti-dilution right encompassed both dilution by blurring *and* dilution by tarnishing.<sup>57</sup> This decision put in motion yet another wave of lobbying, the result of which was the Trademark Dilution Revision Act of 2006.

18 Before turning to the Trademark Dilution Revision Act of 2006, there is an interesting question to consider: Could the real reason for the Supreme Court’s narrow interpretation of the 1995 anti-dilution right be the same as that which drove some English judges in the early days to insist on confusion being a requirement in the anti-dilution right? The US is another common law country that does not have a general law

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54 See the original § 45 of the Lanham Act (1946) (US), which defined “dilution” to mean “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the marks’ owners and likelihood of confusion, mistake, or deception”.

55 537 US 418 (2003).

56 *Moseley v V Secret Catalogue Inc* 537 US 418 at 434 (2003).

57 *Moseley v V Secret Catalogue Inc* 537 US 418 at 432 (2003). The Supreme Court’s opinion on this issue is *obiter* because the parties in this case did not dispute the relevance of “tarnishment” in the 1995 anti-dilution right.

against unfair competition – at least not a full-fledged one. There is, of course, the 1918 Supreme Court decision in *International News Service v Associated Press*<sup>58</sup> (“INS”), renowned for launching the so-called “misappropriation doctrine” in the US on the back of the biblical exhortation not “to reap where [one] has not sown”.<sup>59</sup> However, this was not a unanimous decision; Brandeis J wrote a strong dissent. Further, the misappropriation doctrine never really took off in the US. Subsequent US cases, including some decided by the Supreme Court, either isolated the effect of the *INS* case or simply ignored it.<sup>60</sup> In one of these later cases, the Supreme Court even elevated non-confusing imitation to the status of “the very lifeblood of competition”.<sup>61</sup> Thus, it would be fair to say that it is the dissenting judgment of Brandeis J in the *INS* case that has prevailed. Brandeis J’s position was that the creation of a private right based on vague notions of unfair competition law had potentially negative implications on free competition and accordingly must be avoided. Against this background, there is some justification for saying that the Supreme Court’s decision in *Moseley* reflects the unease that common law judges have with a trade mark right that is not anchored in a more concrete notion like confusion.

19 However, in 2006, the US Congress overruled the judiciary’s reservations. The Trademark Dilution Revision Act of 2006, the result of the lobbying by trade mark owners that started soon after *Moseley*, effectively reversed the Supreme Court’s decision in *Moseley* by

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58 248 US 215 (1918). The dispute was between two news agencies. The defendant’s newspapers had published news items copied from the plaintiff’s newspapers. The majority of the Supreme Court held for the plaintiff, but the legal basis was not that the defendant had infringed the plaintiff’s copyright. This was because there was no copyright in news – a point conceded by the plaintiff. Rather, the legal basis, said Pitney J who wrote for the majority, was that the defendant was guilty of “unfair competition in business” (at 235).

59 *International News Service v Associated Press* 248 US 215 at 239–240 (1918). This biblical exhortation comes from the verse, Matthew 25:26. For two scholarly discussions of the *INS* case and the “reaping without sowing” justification, see Rudolph Callmann, “He Who Reaps Where He Has Not Sown: Unjust Enrichment in the Law of Unfair Competition” (1942) 55 Harv L Rev 595 and Christopher Wadlow, “Rudolf Callmann and the Misappropriation Doctrine in the Common Law of Unfair Competition” [2011] IPQ 111.

60 For an excellent overview of the mastication of *International News Service v Associated Press* (“INS”) 248 US 215 (1918), see Christopher Wadlow, “Unfair Competition by Misappropriation: the Reception of International News in the Common Law World” in *The Common Law of Intellectual Property: Essays In Honour of Professor David Vaver* (Catherine W Ng, Lionel Bently & Giuseppina D’Agostino eds) (Hart Publishing, 2010). One view is that the “misappropriation doctrine” launched by the *INS* case survives in the US today as nothing more than a very narrow principle applicable to time-sensitive “hot news” and where the parties are in direct competition with each other: *National Basketball Association of America v Motorola Inc* 105 F 3d 841 at 845 (2d Cir, 1997).

61 *Bonito Boats Inc v Thunder Craft Boats Inc* 489 US 141 at 146 (1989).

amending the 1995 anti-dilution right in two respects. First, infringement may now occur if the mental association between the senior famous mark and the junior mark is likely to cause dilution. Second, the concept of dilution encompasses dilution by blurring and dilution by tarnishment.<sup>62</sup> However, it would be wrong to see the 2006 revision merely as an order from the US legislators to the judges to protect famous marks in an expansive manner. The 2006 revision is also an attempt to provide more concrete guidelines to the courts. Thus, there are now statutory definitions of the terms “dilution by blurring”<sup>63</sup> and “dilution by tarnishment”.<sup>64</sup> Further, the 2006 revision made it clear that a mark is famous only if “it is widely recogni[s]ed by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner”;<sup>65</sup> thus ending any speculation about the level of fame a plaintiff needs prove for the purposes of the federal anti-dilution right.<sup>66</sup> It is now clear that the US anti-dilution right is reserved for trade marks with a very high level of reputation, namely, reputation against the general public; niche fame is not good enough. The 2006 revision may even be seen as a “pull back” of the reach of the anti-dilution right because it expands the list of defences in the 1995 anti-dilution right quite significantly by introducing a general “fair use” defence.<sup>67</sup> This can be compared to the “without due cause” ingredient in the European anti-dilution right.

62 See the current § 43(c)(1) in the Lanham Act (1946) (US): “Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”

63 This definition is set out at para 34 below. See also the discussion of the US concept of “blurring” at paras 42–44 below.

64 This definition is set out at para 49 below.

65 See the current § 43(c)(2)(A) of the Lanham Act (1946) (US).

66 There appeared to be a judicial consensus that “niche fame” was insufficient for the purposes of the 1995 anti-dilution right. However, there was a divergence in state law with some cases requiring proof of fame amongst the general public (eg, *Mead Data Cent Inc v Toyota Motor Sales Inc* 875 F 3d 1026 (2d Cir, 1989)) and other cases requiring merely proof of “niche fame” (eg, *Times Mirror Magazines Inc v Las Vegas Sports News LLC* 212 F 3d 157 (3d Cir, 2000)).

67 See the current § 43(c)(3) of the Lanham Act (1946) (US):

The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services, including use in connection with —

(i) advertising or promotion that permits consumers to compare goods or services; or

(cont’d on the next page)

20 It must be obvious that there are important differences between the US anti-dilution right and its European counterpart. First, the former is available to famous marks that are known to the general public, whereas the latter is available to marks with only niche fame. The level of renown required in the US model is thus much higher than that in the European model. On this, the US stance is consistent with what Schechter had in mind in 1927 when he advocated a new right for iconic marks that have become household names like KODAK and ROLLS-ROYCE. Second, a dilution infringement action can be brought by proprietors of these marks, whether their marks are registered or not, whereas infringement actions in the EU can only be brought by proprietors of registered marks. Third, an injunction is generally the only remedy available when the US model is infringed,<sup>68</sup> whereas it is possible to get other remedies such as a monetary award in the EU. Fourth, the US model is concerned with dilution by blurring and dilution by tarnishing, whereas the European model has a third dimension of “taking unfair advantage”.

#### D. *The Singapore anti-dilution right*

21 Singapore, following the English legal tradition, does not have a general tort of unfair competition.<sup>69</sup> It is not surprising that acceptance of the anti-dilution right in Singapore came about very slowly. Some may even say that it would never have become part of Singapore’s legal landscape but for external pressure.

22 The current trade mark legislation in Singapore is the Trade Marks Act. It repealed the old Trade Marks Act 1938,<sup>70</sup> a legacy of our colonial past. By the late 1990s, it was certainly time to modernise this area of the law. This was indeed one of the stipulated aims of the Trade Marks Act 1998.<sup>71</sup> The other aim was for Singapore to give effect to its

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(ii) identifying and parodying, critici[s]ing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

68 Note, however, that additional remedies are available if other criteria are satisfied in particular proof of “wilful intention” on the defendant’s part: see the current § 43(c)(5) of the Lanham Act (1946) (US).

69 *Lifestyle 1.99 Pte Ltd v S\$1.99 Pte Ltd* [2000] 1 SLR(R) 687 at [47].

70 Act 38 of 1938.

71 At the Second Reading of the Trade Marks Bill 1998 (No 42/1998), it was explained that the Bill was necessary because the 50-year-old Trade Marks Act 1938 (Act 38 of 1938) contained “outdated” provisions: *Singapore Parliamentary Debates, Official Report* (26 November 1998) vol 69 at col 1698 (Ho Peng Kee, Minister of State for Law).

international obligations owed under the TRIPS Agreement.<sup>72</sup> In this revamp exercise, Singapore chose not to enact the modern anti-dilution right as part of its law. This may be an indication that its legislature was not fully enamoured of the anti-dilution right – at least at that time. This move also offers some insight into how Singapore interprets the provisions of the TRIPS Agreement: in its opinion, nothing in this agreement mandates protection against dilution.<sup>73</sup>

23 It was only in 2004 that the anti-dilution right found its way into the Trade Marks Act.<sup>74</sup> At the Second Reading of the Trade Marks (Amendment) Bill 2004,<sup>75</sup> the then Minister for Law explained that this right was needed to provide better protection for proprietors of “marks which are famous and known to many people”<sup>76</sup> against:<sup>77</sup>

... situations where the reputation and value of the well-known mark is diluted by blurring or tarnishment, even though there may not be consumer confusion, for example, if someone uses a well-known mark on inferior quality goods or on goods, say, of an obscene nature. Therefore, [with the proposed amendments] the owner of a well-known mark can stop a party from registering or using an identical or similar mark which dilutes or takes unfair advantage of the distinctive character of the well-known mark.

24 Whilst this reason given by the Minister might signal that the policy-makers in Singapore have had a change of attitude towards the

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72 See the Explanatory Statement in the Trade Marks Bill 1998 (No 42/1998) and also *Singapore Parliamentary Debates, Official Report* (26 November 1998) vol 69 at col 1698 (Ho Peng Kee, Minister of State for Law).

73 The provision in the Agreement on Trade-Related Aspects of Intellectual Property Rights, which arguably imposes an obligation to provide for anti-dilution protection, is Art 16(3). This author is in favour of Singapore’s interpretation that Art 16(3) contains no such obligation. For fuller discussion of this international law point, see Ng-Loy Wee Loon, “Exploring Flexibilities within the Global IP Standards” [2009] IPQ 162 at 167–173. World Trade Organization countries that, till today, do not provide for an anti-dilution right in their trade mark law include China (see Yuanshi Bao, “Protection of Well-Known Trademarks in China” in *Well-Known and Famous Trademarks* (Jacques de Werra ed) (Schulthess Médias Juridiques, 2011)), Malaysia (see *Aspect Synergy Sdn Bhd v Banyan Tree Holdings Ltd* [2009] 8 CLJ 97) and possibly Australia (see Michael Handler, “Trade Mark Dilution in Australia?” [2007] EIPR 307, but cf Megan Richardson, “Redefining the Boundaries of Unfair Competition? The Changing Face of Trade Mark Law in Australia” [2000] IPQ 295).

74 See s 8(4)(b)(ii) (on registration) and s 55(3)(b) (on infringement) of the Trade Marks Act (Cap 332, 2005 Rev Ed). See also s 55(4)(b), which is applicable to business identifiers. These provisions came into force on 1 July 2004.

75 No 18/2004.

76 *Singapore Parliamentary Debates, Official Report* (15 June 2004) vol 78 at col 108 (S Jayakumar, Minister for Law).

77 *Singapore Parliamentary Debates, Official Report* (15 June 2004) vol 78 at col 108 (S Jayakumar, Minister for Law).



anti-dilution right since the late 1990s, it is also a well-known fact that the enactment of this right was to allow Singapore to fulfil an obligation it undertook in the US–Singapore Free Trade Agreement in 2003, namely, to give effect to the World Intellectual Property Organization (“WIPO”) Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks adopted in 1999 (“WIPO Joint Recommendation”).<sup>78</sup> The Minister himself made reference to this free trade agreement during the Second Reading of the Trade Marks Amendment Bill 2004.<sup>79</sup>

25 The formula of the Singapore anti-dilution right is the following:<sup>80</sup> “would cause dilution in an unfair manner of the distinctive character of the proprietor’s trade mark[,] or would take unfair advantage of the distinctive character of the proprietor’s trade mark”. This formula is derived from the model suggested in the WIPO Joint Recommendation.<sup>81</sup> For this reason, the Explanatory Notes in the WIPO Joint Recommendation would be a very useful resource when one is deciphering the ambit of this right. The other resources would be the US and European models. The influence of the US model is evident from the fact that Singapore’s definition of the term “dilution” is almost identical with the definition of this term in the US 1995 model.<sup>82</sup> The

78 See Art 16.1.2(b)(i) of the US–Singapore Free Trade Agreement (“Intellectual Property Rights” at ch 16). The World Intellectual Property Organization Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks (“WIPO Joint Recommendation”) was adopted by the Assembly of the members of the Paris Convention for the Protection of Industrial Property. Note that Singapore also agreed to give effect to the WIPO Joint Recommendation in the free trade agreements it signed with Australia (February 2003) and with the European Free Trade Association (June 2002).

79 *Singapore Parliamentary Debates, Official Report* (15 June 2004) vol 78 at col 108 (S Jayakumar, Minister for Law).

80 Trade Marks Act (Cap 332, 2005 Rev Ed) s 55(3)(b).

81 See Arts 4(1)(b)(ii) and 4(1)(b)(iii) of the World Intellectual Property Organization Joint Recommendations Concerning Provisions on the Protection of Well-Known Marks (“WIPO Joint Recommendation”). It should be noted that the anti-dilution model set out in the WIPO Joint Recommendation is only, as the title of this international document already indicates, a *recommended* model. This international document does not set out any mandatory standards of protection.

82 See s 2(1) of the Trade Marks Act (Cap 332, 2005 Rev Ed), which defines “dilution” to mean:

... the lessening of the capacity of the trade mark to identify and distinguish goods or services, regardless of whether there is —

(a) any competition between the proprietor of the trade mark and any other party; or

(b) any likelihood of confusion on the part of the public.

The definition of “dilution” in the US 1995 model is “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the marks’ owners and likelihood of confusion, mistake, or deception”: see the original § 43(c)(1) of the Lanham Act (1946) (US).

European model is relevant because Singapore has the third dimension of “taking unfair advantage”. When it comes to defences, the list in the Singapore model includes three defences from the US 1995 model and three from the European model.<sup>83</sup> A few more points should be noted in this comparison. Like the US, and unlike the EU, the anti-dilution right in Singapore is available to the proprietor of the senior mark whether it is registered in Singapore or not, provided that it is “well known to the public at large in Singapore”. Thus, niche fame is not sufficient in Singapore. Unlike the US and the EU, an injunction is the only remedy available in Singapore when the anti-dilution right is infringed.<sup>84</sup> The point here is that the Singapore anti-dilution right is not a carbon copy of the US model or the European model. It would be fair to say that the legislature in Singapore, when crafting this right, had put careful thought into fencing in this right.

26 The judiciary in Singapore has also played a role in fencing in this right. It was mentioned in the preceding paragraph that the anti-dilution right is available only to trade marks that are “well known to the public at large in Singapore”. The wording in the anti-dilution provision in the Trade Marks Act is very clear on this point. Nonetheless, at one time there was speculation that proprietors of trade marks with niche fame were also entitled to protection against anti-dilution. This point came up for consideration in *Novelty Pte Ltd v Amanresorts Ltd*<sup>85</sup> (“*Amanresorts*”). The plaintiff was the operator of a chain of luxurious high-end resorts under the AMAN mark, such as the Amanpuri resort in Phuket and the Amanusa resort in Bali. The plaintiff marketed its resorts aggressively in Singapore but only amongst its elite and hence the reputation of the AMAN mark existed only within this niche. When the defendant, a property developer, launched a not-so-luxurious condominium project located in a not-so-prestigious suburb in Singapore under the name “Amanusa”, the plaintiff sued for passing off and infringement under the Trade Marks Act. The infringement action was, in essence, a dilution claim. The plaintiff’s AMAN mark was well known only within the niche of the elite in Singapore. In bringing a dilution claim, what the plaintiff was attempting to do was to extend the boundaries of the anti-dilution right to bring within the folds those marks that only have niche fame – an attempt that (thankfully) was thwarted by the Court of Appeal. The court affirmed that niche fame was insufficient for the purposes of the anti-dilution right in the Trade Marks Act. In coming to this conclusion, the appellate court expressed

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83 The list of defences limiting the exercise of the anti-dilution right in Singapore is set out at para 56 below.

84 The limitation of the remedies to an injunction is specifically permitted by Art 4(4) of the World Intellectual Property Organization Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.

85 [2009] 3 SLR(R) 216.

the concern that the anti-dilution right being such a strong right could work as “disincentives to competition and distort the proper functioning of the free market economy”.<sup>86</sup> The Court of Appeal was thus more comfortable with the position that the anti-dilution protection should be “the preserve of a rare and privileged few” trade marks.<sup>87</sup>

27 There is another Singapore case that throws further light on the threshold of reputation that a trade mark must cross to enjoy protection against dilution. In *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier*<sup>88</sup> (“*City Chain*”) the respondent was the very well-known Louis Vuitton designer house. However, this case did not concern the very well-known LOUIS VUITTON word mark or LV MONOGRAM. The subject matter of dispute in this case was a much less known mark comprising a flower device. The Court of Appeal found that this flower device did not even enjoy niche fame, and it certainly was not a household name in Singapore. For this reason, the respondent’s claim for dilution was a non-starter. In the course of its judgment, the Court of Appeal observed that to qualify for anti-dilution protection, the trade mark “must be recognised in most sectors of the public though we would not go so far as to say all sectors of the public”.<sup>89</sup> The following are the cases where the anti-dilution right has been invoked in opposition proceedings before the Trade Mark Registry and where it was found that the senior mark had not reached the requisite level of reputation:

- the SUBWAY mark for café and restaurant services;<sup>90</sup>
- the VOLVO mark for vehicles and vehicle parts;<sup>91</sup>
- the ST REGIS mark for hotel services;<sup>92</sup>

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86 *Novelty Pte Ltd v Amanresorts Ltd* [2009] 3 SLR(R) 216 at [144].

87 *Novelty Pte Ltd v Amanresorts Ltd* [2009] 3 SLR(R) 216 at [229].

88 [2010] 1 SLR 382 (CA); *Louis Vuitton Malletier v City Chain Stores (S) Pte Ltd* [2009] 2 SLR(R) 684 (HC).

89 *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2010] 1 SLR 382 at [94].

90 *Doctor’s Associates Inc v Sim Meng Seh* [2011] SGIPOS 15. Note further that the proprietor of the senior mark also brought a trade mark infringement action to the High Court: see *Doctor’s Associates Inc v Lim Eng Wah* [2012] SGHC 84. This infringement action involved a confusion-based claim. In determining whether there was confusion-based infringement, the High Court made a finding that the senior mark SUBWAY was well known in Singapore. However, because the claim was not for dilution, the High Court did not have to consider if this mark was “well known to the public at large in Singapore”.

91 *Volvo Trade Mark Holdings AB v Hebei Aulion Heavy Industries Co Ltd* [2011] SGIPOS 1.

92 *Starwood Hotels & Resorts Worldwide Inc v Staywell Hospitality Group Pty Ltd* [2011] SGIPOS 7.

- the MORTON'S mark for restaurant services;<sup>93</sup>
- the COLORLAND mark for paints and paint brushes;<sup>94</sup>
- the TIMBERLAND mark for footwear and clothing;  
and<sup>95</sup>
- the CALVIN KLEIN mark for clothing.<sup>96</sup>

28 There are only two judicial decisions where this threshold of reputation has been crossed. The first case is *Clinique Laboratories LLC v Clinique Suisse Pte Ltd*<sup>97</sup> (“CLINIQUE”) where the senior mark was CLINIQUE for skin care products. The second case is *Ferrero SpA v Sarika Connoisseur Café Pte Ltd*<sup>98</sup> (“NUTELLA”) where the senior mark was NUTELLA for chocolate cream spreads and confectionery. In both these cases, the plaintiffs alleged that the defendant’s use of the junior mark would cause confusion and dilution. In the *CLINIQUE* case, the plaintiff succeeded in the confusion-based claim and also in the claim based on “taking unfair advantage”. In the *NUTELLA* case, the plaintiff succeeded in the confusion-based claim and also in the claim based on dilution by blurring. There was a third claim based on “taking unfair advantage” that failed. We will look more closely at these two cases in Part III and Part IV.

29 The following is a summary of the position in Singapore. The article has laid out the international dimensions underlying the enactment of the anti-dilution right in Singapore and how, to minimise the potential harm that this right may have on free competition, our legislature and the judiciary have drawn some boundaries around this right. However, there remains a need for further delineation of the ambit of this right. Obviously, it cannot be that every unauthorised use of a senior mark that is a household name in Singapore will invariably infringe the anti-dilution right. There is, in particular, a need for a clearer understanding of when the unauthorised use would amount to “blurring”, “tarnishing” or “taking unfair advantage”. Part III is about blurring and tarnishing, and Part IV is about free riding.

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93 *Morton’s of Chicago Inc v Lone Star Restaurants Ltd* [2011] SGIPOS 2.

94 *Colorland Paint Centre Pte Ltd v Toto Group Pte Ltd* [2011] SGIPOS 19.

95 *The Timberland Co v Avtar Singh* [2011] SGIPOS 14.

96 *Calvin Klein Trademark Trust v IDM Apparel Pte Ltd* [2011] SGIPOS 12.

97 [2010] 4 SLR 510. There was an appeal against this decision, which was dismissed by the Court of Appeal. The appellate court did not render a written judgment.

98 [2011] SGHC 176. Note that this case is on appeal. At the time of writing, the Court of Appeal has not handed down its judgment in this appeal.

### III. Causing dilution in an unfair manner of the distinctive character of the trade mark (“dilution”)

30 The Trade Marks Act defines “dilution”, in relation to a trade mark, to mean:<sup>99</sup>

... the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of whether there is —

- (a) any competition between the proprietor of the trade mark and any other party; or
- (b) any likelihood of confusion on the part of the public.

31 This definition is derived from the US 1995 model.<sup>100</sup> In the US, *Moseley* questioned the ambit of this definition, raising the possibility that dilution was only about blurring and did not include the concept of tarnishing.<sup>101</sup> In Singapore, however, the courts have taken the approach that dilution in the Singapore context embodied both blurring and tarnishing.<sup>102</sup> The legislative background to this right and the Explanatory Notes to the WIPO Joint Recommendation support this approach. The Minister, when introducing the anti-dilution right in Parliament in 2004, had specifically mentioned “dilution by blurring or *tarnishing*” [emphasis added].<sup>103</sup> In the case of the WIPO Joint Recommendation, the word “dilution” used therein is specified to include the scenario where the junior mark is used on goods or services “which are of an inferior quality or of an immoral or obscene nature”.<sup>104</sup> This, as will be seen, is the classic meaning of tarnishing.

32 To succeed under this heading of “dilution”, the proprietor of the senior mark has to show: (a) the junior mark is identical or so similar to the senior mark that the public makes a “link”<sup>105</sup> or “mental

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99 Trade Marks Act (Cap 332, 2005 Rev Ed) s 2(1).

100 See the original § 45(c)(1) of the Lanham Act (1946) (US), defining “dilution” to mean “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the marks’ owners and likelihood of confusion, mistake, or deception”.

101 *Moseley v V Secret Catalogue Inc* 537 US 418 at 432 (2003). See further the discussion at para 17 above.

102 See the Court of Appeal’s view in *Novelty Pte Ltd v Amanresorts Ltd* [2009] 3 SLR(R) 216 at [225] and in *Mobil Petroleum Co Inc v Hyundai Mobis* [2010] 1 SLR 512 at [96]. See also the High Court’s decision in *Ferrero SpA v Sarika Connoisseur Café Pte Ltd* [2011] SGHC 176 at [174].

103 *Singapore Parliamentary Debates, Official Report* (15 June 2004) vol 78 at col 108 (S Jayakumar, Minister for Law).

104 See Explanatory Note 4.4 of the World Intellectual Property Organization Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.

105 This is the term used by the Europeans: see *Adidas-Salomon AG v Fitnessworld Trading Ltd* [2004] FSR 21 and the discussion at para 15 above.

association”<sup>106</sup> between these two marks; and (b) this “link” or “mental association” would cause either blurring or tarnishing; and (c) this blurring or tarnishing was caused in an unfair manner. The focus of Part III is on (b) and (c).

33 As a start, it should be noted that the concepts of blurring and tarnishing are also known in the common law action of passing off. In *Amanresorts*, the Court of Appeal held that the third element in passing off – damage to the goodwill of the plaintiff – can be caused by blurring or tarnishing.<sup>107</sup> According to the court, blurring occurs when the plaintiff’s trade mark, instead of being indicative of only the plaintiff’s goods or services, also becomes indicative of the defendant’s goods or services,<sup>108</sup> and tarnishment occurs when the defendant’s goods or services are of a worse quality than those of the plaintiff or have some other undesirable characteristic.<sup>109</sup> There is, of course, a material point of departure: confusion is an essential element in passing off. In passing off, the damage to goodwill caused by blurring or tarnishment manifests itself eventually in the form of loss of sales to the plaintiff caused by confusion. In the case of blurring, the consumer buys the defendant’s product thinking that it is the plaintiff’s product. In the case of tarnishment, the consumer is deterred from buying from the plaintiff because he thinks that the plaintiff is the source of poor quality or undesirable products. Therefore blurring and tarnishment in the context of passing off is still very much grounded in the idea of protecting the traditional functions of the plaintiff’s trade mark as a badge of origin and a badge of quality. In the statutory anti-dilution right, confusion is an irrelevant consideration when determining whether blurring and tarnishing has occurred. This fundamental difference bears repeating. Apart from this difference, the Court of Appeal’s definitions of blurring and tarnishing for the purposes of passing off are, as will be seen shortly, rather similar to what the statutory anti-dilution right is seeking to prevent in blurring and tarnishing.

#### A. *What constitutes dilution by “blurring”?*

34 US law has defined “blurring” to mean “association arising from the similarity between [the junior mark] and a famous mark that impairs the distinctiveness of the famous mark”.<sup>110</sup> However, this definition is not particularly helpful. It would be better to start with a

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106 This is the term used by the Americans: see *Moseley v V Secret Catalogue Inc* 537 US 418 at 434 (2003) and the discussion at para 17 above.

107 *Novelty Pte Ltd v Amanresorts Ltd* [2009] 3 SLR(R) 216 at [97].

108 *Novelty Pte Ltd v Amanresorts Ltd* [2009] 3 SLR(R) 216 at [97].

109 *Novelty Pte Ltd v Amanresorts Ltd* [2009] 3 SLR(R) 216 at [98].

110 See the current § 43(c)(2)(B) of the Lanham Act (1946) (US).

concrete example, like the one given by Schechter. He had warned that if “you allow Rolls Royce restaurants and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in ten years you will not have the Rolls Royce mark any more”.<sup>111</sup> He was concerned that in ten years’ time the mention of the ROLLS-ROYCE mark would no longer evoke the response “Ah, the car company”; instead, the feared response would be “ROLLS-ROYCE? Ah, the car company and the restaurant”. For convenience, blurring can be described as the process of the “one mark one product” response turning into a “one mark two products” response. When this eventuality occurs, the ROLLS-ROYCE mark would have lost its distinctive character or its unique meaning as the trade mark of a particular type of good originating from a particular source. From this perspective, “blurring” in the anti-dilution right is not different from the meaning given by the Court of Appeal in *Amanresorts* in the context of passing off: blurring occurs where the plaintiff’s trade mark, instead of being indicative of only the plaintiff’s goods or services, also becomes indicative of the defendant’s goods or services. Looked at in this way, the anti-blurring right, like confusion-based trade mark rights, seeks to protect the senior mark’s distinctive ability to function as a badge of origin. This explanation of blurring coincides with what the ECJ had in mind when it said:<sup>112</sup>

At the end of the process of dilution [by blurring], the trade mark is no longer capable of creating an immediate association, in the minds of consumers, with a specific commercial origin.

35 However, is it really possible for the senior mark to lose its unique meaning in the absence of confusion? It is possible, according to Richard Posner, who is renowned for his economics (cost–benefit) analysis of law including trade mark law. Posner, who is also a US judge, once said in a case:<sup>113</sup>

Suppose an upscale restaurant calls itself ‘Tiffany’. There is little danger that the consuming public will think it’s dealing with a branch of the Tiffany jewel[le]ry store if it patroni[s]es this restaurant. But when consumers next see the name ‘Tiffany’ they may think about both the restaurant and the jewel[le]ry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder – incur as it were a *higher imagination cost* – to recogni[s]e the name as the name of the store. [emphasis added]

36 Academics and lawyers have used cognitive science studies of consumer behaviour to support Posner’s theory that this “higher imagination cost” can occur in the mind of consumers in the absence of

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111 This warning was given in his speech at the hearings before the Congressional Committee on Patents, 72nd Cong, 1st Sess 15 (1932). See further para 7 above.

112 *Interflora Inc v Marks & Spencer plc* [2012] FSR 3 at [76].

113 *Ty Inc v Perryman* 306 F 3d 509 at 511–512 (7th Cir, 2002).

confusion.<sup>114</sup> However, for critics of the anti-blurring right, this is not a sufficient reason. So what, they ask, if the consumer has to think harder and a little longer to recognise the senior mark?<sup>115</sup> To these critics, Schechter would have retorted that the anti-blurring right is not targeted at preventing that moment of hesitation *per se*; rather, it is targeted at preventing that moment of hesitation from developing into the eventuality that the senior mark will no longer be associated with those particular goods or services supplied by the rightful proprietor. Thomas McCarthy, a leading trade mark law academic in the US, explained:<sup>116</sup>

[I]f one small user can blur the sharp focus of the famous mark to uniquely signify one source, then another and another small user can and will do so. Like being stung by a hundred bees, significant injury is caused by the cumulative effect, not by just one use.

37 From the above exposition, the meaning of blurring in the statutory anti-dilution right is clear enough – in theory, at least. Blurring means the feared “one mark two products” response. It even makes sense that the proprietor of the senior mark should have a right to prevent this type of response because it is a form of damage to the fundamental badge-of-origin function of the trade mark.

38 In Singapore, the proprietor of the senior mark must show that blurring *would* occur. In this regard, the High Court in *NUTELLA* has pronounced that the standard of proof that the plaintiff has to meet is proof of “a serious likelihood” that blurring will occur in the future.<sup>117</sup> If blurring is the cumulative effect of one hundred bee stings, under what circumstances will there be a serious likelihood that the tenth sting will cause the feared “one mark two products” response? Does the proprietor of the senior mark even have to wait for the tenth sting before he can succeed in a claim for blurring? The answer to the latter question, as given by the High Court in *NUTELLA*, is a clear “no”.<sup>118</sup> The reader will recall that the senior mark in this case was *NUTELLA* for chocolate

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114 See, for example, Maureen Morrin, Jonathan Lee & Greg M Allenby, “Determinants of Trade Mark Dilution” 33 (2006) *J Consum Res* 248, a study that demonstrates that consumer exposure to non-confusing, blurring logos tends to reduce brand-exclusive recall levels by a third.

115 See, for example, Rebecca Tushnet, “Gone in 60 Milliseconds: Trade Mark Law and Cognitive Science” 86 (2008) *Tex L Rev* 507 and Graeme W Austin, “Trade Marks and the Burdened Imagination” 69 (2004) *Brook L Rev* 827 at 895–96.

116 Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* (Westlaw, 4th Ed, 2004) at § 24:94.

117 *Ferrero SpA v Sarika Connoisseur Café Pte Ltd* [2011] SGHC 176 at [176].

118 *Ferrero SpA v Sarika Connoisseur Café Pte Ltd* [2011] SGHC 176. In deciding that the first use can begin the process of dilution, the High Court cited with approval at [75] the European Court of Justice decision in *Intel Corp Inc v CPM UK Ltd* [2009] ETMR 13.



cream spreads and confectionery. The plaintiff was bringing a blurring claim for the first time in that, other than the defendant, there were no other traders using marks identical or similar to the senior mark NUTELLA. The defendant, a coffee chain, had launched a new gourmet coffee-based beverage under the junior mark NUTELLO. The High Court found that there was a serious likelihood that the junior mark NUTELLO would blur the distinctive character of the senior mark NUTELLA. Another example of a case where the blurring claim succeeded is the English decision in *Hasbro Inc v 123 Nahrungsmittel GmbH*<sup>119</sup> (“PLAY-DOH”). The senior mark was PLAY-DOH for children modelling clay, and the junior mark was PLAY DOUGH for a powdered dough mix. In both *NUTELLA* and *PLAY-DOH*, the court also found that the use of the junior mark was likely to cause confusion amongst the purchasing public. A third example, this time from the US, is *Visa International Service Association v JSL Corp.*<sup>120</sup> Here, the court found that the distinctive character of the senior mark VISA, famous for credit card and financial services, would be blurred by the unauthorised use of the junior mark in relation to an Internet-based service providing multilingual education and information business. The issue of confusion was not raised in this case.

39 On the other side of the fence sit cases where the blurring claim failed. These cases include:

- INTEL for computers and computer-related products *versus* INTEL MARK for marketing and telemarketing services.<sup>121</sup> The English court found no confusion and no blurring.
- SPECSAVERS for spectacles *versus* a slogan “Be a real spec saver at ASDA” for spectacles.<sup>122</sup> The English court found no confusion and no blurring.
- OCH-ZIFF for investment services *versus* OCH-CAPITAL for financial advisory and brokerage services.<sup>123</sup> The English court found confusion but no blurring.

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119 [2011] FSR 21 (HC).

120 610 F 3d 1088 (9th Cir, 2010).

121 *Intel Corp v CPM UK Ltd* [2007] ETMR 59 (CA); [2006] ETMR 90 (HC). There was a claim for passing off but this was abandoned by the proprietor of the senior mark. The Court of Appeal took this to be evidence that the use of the junior mark did not suggest any trade connection with the senior mark. For the European Court of Justice decision in this case, see *Intel Corp Inc v CPM UK Ltd* [2009] ETMR 13.

122 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] ETMR 17 (CA); [2011] FSR 1 (HC).

123 *Och-Ziff Management Europe Ltd v OCH Capital LLP* [2011] FSR 11 (HC).

- STARBUCKS for coffee and coffee beans *versus* MISTER CHARBUCKS for coffee beans.<sup>124</sup> The US court found no confusion and no blurring.

40 It is obvious from these cases that a finding of blurring is totally independent of a finding of confusion. The statutory definition of dilution is clear on this. What is also clear is that the fact that the public makes a mental association between the two marks does not, *per se*, amount to blurring. Mental association is a necessary but insufficient condition to be satisfied to succeed in a blurring claim. To put it another way, mental association is the *trigger* and blurring is the *effect*, and this trigger does not automatically cause this effect. If proving confusion is not relevant and proving mental association is a necessary but insufficient condition, what should we be looking out for in the blurring inquiry?

41 In *Intel Corp v CPM UK Ltd*<sup>125</sup> (“INTEL”), the ECJ gave what appears to be a test: blurring would occur if there is “evidence of a change in the economic behaviour of the average consumer of the goods or services [of the senior mark] consequent on the use of the [junior] mark, or a serious likelihood that such a change will occur in the future”.<sup>126</sup> This test, however, raises the question as to what “change in the behaviour of the average consumer” really means. In my view, it cannot mean that the proprietor of the senior mark must prove that he is likely to suffer loss of sales. Such a requirement would be imposing too onerous a burden on the proprietor because if loss of sales is likely to occur, the harm that blurring is supposed to prevent – the feared “one mark two products” response – would already have set in. If not loss of sales, what amounts to “change in the behaviour of the average consumer”? There is no further clarification of what this test entails. The English courts in *Specsavers International Healthcare Ltd v Asda Stores Ltd*<sup>127</sup> (“SPECSAVERS”) and *Och-Ziff Management Europe Ltd v OCH Capital LLP*<sup>128</sup> (“OCH-ZIFF”) did refer to this test but merely to conclude that there was no evidence in the case to allow it to infer that there was a change in the economic behaviour of the consumers. In the *PLAY-DOH* case, the English court did not even refer to this test. It reached the conclusion that there was blurring on a reasoning that is

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124 *Starbucks Corp v Wolfe’s Borough Coffee Inc* 559 F Supp 2d 472 (SDNY, 2008); 588 F 3d 97 (2d Cir, 2009); 101 USPQ 2d 1212 (SDNY, 2011). There was also a claim for tarnishing which failed: see para 51 below.

125 [2009] ETMR 13 (ECJ); [2007] ETMR 59 (CA); [2006] ETMR 90 (HC).

126 [2009] ETMR 13 at at [81].

127 [2012] ETMR 17 (CA); [2011] FSR 1 (HC).

128 [2011] FSR 11 (HC).

tantamount to saying: “There is blurring if the proprietor of the mark says so.”<sup>129</sup>

42 In the US, the inquiry for blurring is guided by a statutory non-exhaustive list of factors, namely:<sup>130</sup>

- (a) the degree of similarity between the mark or trade name and the famous mark;
- (b) the degree of inherent or acquired distinctiveness of the famous mark;
- (c) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark;
- (d) the degree of recognition of the famous mark;
- (e) whether the user of the mark or trade name intended to create an association with the famous mark; and
- (f) any actual association between the mark or trade name and the famous mark.

43 Since the blurring inquiry is a factual one, there is some sense to taking a multifactorial approach. However, not all the factors in this list are helpful in the blurring inquiry. Factors (b) and (d) go towards establishing the level of recognition or distinctiveness of the senior mark. Pegging the level of distinctiveness of the senior mark is necessary because the statutory anti-dilution right is available only to marks that are “widely recogni[s]ed by the general consuming public of the US” (or in the case of Singapore, to trade marks that are “well known to the public at large in Singapore”). This very high level of renown or distinctiveness is the subject matter of protection of the anti-blurring right. The blurring inquiry is to determine if there would be a reduction or loss of this distinctiveness. If so, it is not clear how the level of distinctiveness of the senior mark (the very subject matter of protection) can inform on whether there would be harm to the subject matter. Factor (e) is also suspect. This factor suggests that if the defendant has the intention to create an association between the marks in the mind of the public, such intention is more likely to cause blurring. It is very strange that an intention to achieve one thing (mental association) should have the impact of achieving another thing (likelihood of blurring). At best, the law can only treat an intention to

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129 *Hasbro Inc v 123 Nahrungsmittel GmbH* [2011] FSR 21 at [220]: “It is for [the proprietor of the senior mark] to decide on the type of goods which are associated with their goodwill. They have chosen not actively to promote the eating of PLAY-DOH. They can justifiably complain of detriment if their goodwill attaches to such a product.”

130 See the current § 43(c)(2)(B) of the Lanham Act (1946) (US).

do something as a good indication that the defendant has succeeded in doing what he intended. For example, in passing-off actions there is a legal principle that when the defendant harboured an intention to confuse the public, the court will readily conclude that there is confusion in the case.<sup>131</sup> The reason for this principle is the following: why should the court be astute to say that the defendant cannot succeed in doing that which he is straining every nerve to do?<sup>132</sup> Applying this principle to the issue at hand, if a defendant chose a junior mark with the intention of creating a mental association between the senior mark and the junior mark in the mind of the public, the law can only, at the very most, say that he has succeeded in creating this mental association. However, we have already established that the existence of mental association does not necessarily cause blurring. Thus, intention to create a mental association cannot be a factor in determining if blurring is likely to occur.

44 The other criticism about adopting this multifactorial approach in the blurring inquiry is the uncertainty it generates.<sup>133</sup> Uncertainty breeds conservatism, especially on the part of the defendant who is in a face-off with a mega brand owner with deep pockets. SMEs trying to break into a market dominated by a mega brand owner will feel pressured to back down if all that their lawyers can tell them with certainty is that “it all depends on the facts”. It is with the aim of minimising this uncertainty that I am proposing a new formula to be used in the blurring inquiry. There are two stages in this new formula. The first stage contains one condition to be satisfied, namely, the proprietor of the senior mark is known to be engaged in substantially one field of activity. If this condition is not satisfied, blurring cannot occur and this marks the end of the blurring inquiry. On the other hand, if this condition is satisfied, it does not automatically follow that blurring would occur. The inquiry has to move on to the second stage where consideration is given to the degree of similarity between the junior mark and the senior mark. This factor impacts on the blurring

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131 See *Saga Foodstuffs Manufacturing (Pte) Ltd v Best Food Pte Ltd* [1995] 3 SLR(R) 1013 at [40] and *Mechanical Handling Engineering (S) Pte Ltd v Material Handling Engineering Pte Ltd* [1992] 3 SLR(R) 365 at 376. This legal principle is very potent. A survey of Singapore trade mark cases decided between 1887 and 2007 shows that, in every one of these cases where the court was convinced that the defendant harboured an intention to deceive or confuse the public, the court made a finding of confusion: see Ng-Loy Wee Loon, “An Interdisciplinary Perspective on the Likelihood of Confusion: Consumer Psychology and Trademarks in an Asian Society” [2008] TMR 950 at 958.

132 *Malayan Tobacco Distributors Ltd v United Kingdom Tobacco Ltd* [1937] MLJ 147 at 150 (PC, on appeal from Singapore).

133 This uncertainty issue is exacerbated by the fact that “[n]ot every factor [in the US list] is relevant in every case”: *Louis Vuitton Malletier SA v Haute Diggity Dog LLC* 507 F 3d 252 at 266 (4th Cir, 2007).

inquiry in this way: the higher the degree of similarity, the greater the risk of blurring occurring, and in the case where the marks are identical or substantially identical, there is a presumption that blurring would occur. The paragraphs that follow elaborate on the reasons underlying this formula.

45 The condition that the proprietor of the senior mark is known to be engaged in substantially one field of activity is derived from factor (c) of the US list. In my view, this factor is so critical in the blurring inquiry that it should be elevated to the status of a condition that must be satisfied. To illustrate why it is critical that the senior mark must be used in substantially one field of activity, the NTUC mark – which belongs to the National Trade Union Congress (“NTUC”), the trade union in Singapore that is also involved in commercial activities – will be used. The NTUC mark is a mark that has acquired the status of a household name in Singapore as the brand for a chain of supermarkets. However, it is also well known amongst the general public in Singapore that the NTUC organisation is involved in other businesses such as insurance, dental care and childcare, and the NTUC mark is used to promote these businesses. If the public is asked today what comes to mind at the mention of the NTUC mark, the response would be: “Supermarkets, insurance and childcare.” If there is unauthorised use of the NTUC mark in certain other fields of activity, such as the medical sector, it is far more likely to cause the public to wonder if the unauthorised goods or services are a further diversification of the business activities of the NTUC organisation – in which case, the effect of the mental association is not blurring, but confusion. The remedy for the proprietor of the senior mark lies in traditional confusion-based protection. To trigger the anti-blurring right when the essence of the complaint is that the use of the junior mark would cause confusion, is to fudge the distinction between confusion-based rights and the anti-dilution right. There is one more point to note about this condition. The condition is that the senior mark is *known* to be used in substantially one field of activity. If the senior mark is, in fact, used in another field of activity, but this fact is not widely known, it does not preclude blurring from occurring. The ROLLS-ROYCE mark is an example on point. Apart from the automobile industry, the ROLLS-ROYCE mark is, in fact, used in the civil and defence aerospace sector. This was what prompted Jacob LJ (as he then was) to make this observation:<sup>134</sup>

[O]ne must be careful with Schechter’s example. ... It subtly goes a bit too far. For however much Rolls-Royce were used for dissimilar goods, it would be wrong to say it would not exist for cars and jet engines.

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134 *L’Oréal SA v Bellure NV* [2008] RPC 9 at [32].

(Actually there are two Rolls-Royces now, with no harm to either caused by the existence of the other.)

46 The response to the judge's cynicism could be the following. Although the ROLLS-ROYCE mark is used in the automobile industry and in the aerospace industry, the latter is not a well-known fact and therefore the public's response to the ROLLS-ROYCE mark would only be "cars". It is because of this unique meaning of the ROLLS-ROYCE mark that the public cannot imagine the Rolls-Royce car company moving outside of the automobile industry. Hence the difficulty to prove confusion when there is an unauthorised use of this mark in relation to goods or services that are not car-related. Thus it is suggested that Schechter's example can still serve as the *locus classicus* of blurring.

47 The fact that the senior mark is known to be engaged in substantially one field of activity is a necessary but insufficient condition for blurring to occur. Once this necessary condition is established, the next stage of the inquiry is to look for a high degree of similarity between the junior mark and the senior mark. This factor is taken from factor (a) in the US list. The relevance of this factor to the blurring inquiry is obvious. Since blurring is the risk that the "one mark one product" response will turn into a "one mark two products" response, this risk is higher if the mental association that the consumers make between the junior mark and the senior mark is a very strong and immediate one. The greater the degree of similarity between the two marks, the stronger and more immediate the mental association. In the above-mentioned cases where the blurring claim succeeded (*NUTELLA versus NUTELLO*; *PLAY-DOH versus PLAY DOUGH*; *VISA versus eVISA*), the degree of similarity between the marks was very high – so high that some might even say that these marks were identical for the purposes of trade mark law.<sup>135</sup> In the US, some courts even attempted to make identity or near-identity between the marks a condition that must be satisfied before blurring can arise. This attempt failed because the US provision unequivocally stipulates that the degree of similarity between

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135 The test of identity between marks is set out by the European Court of Justice ("ECJ") in *LTJ Diffusion SA v Sadas Vertbaudet SA* ("*LTJ Diffusion*") [2003] FSR 34 at [54]: "[A] sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer." This test was cited with approval by the High Court in *Mitac International Corp v Singapore Telecommunications Ltd* [2009] 4 SLR(R) 961 at [54]. See also *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2009] 2 SLR(R) 684 at [50] where the Court of Appeal cited the ECJ's test in *LTJ Diffusion* with approval. Note, though, that the Court of Appeal also said that "minor differences" would render the two marks non-identical. This statement should be understood in the context that the "minor differences" are differences that are significant in the sense that they would be noticed by the average consumer.

the marks is merely one factor to be considered together with other factors in the non-exhaustive multifactorial list in the blurring inquiry.<sup>136</sup> In Singapore, it would also be impossible to impose a condition that the marks must be identical or near identical. This is because the anti-dilution provision accepts that it is sufficient if the junior mark is “identical with or *similar to*” the senior mark. However, this does not preclude a tribunal from giving *more weight* to the factor of identity between marks. It is suggested that the tribunal should, in fact, treat the identity or near-identity of marks as creating a rebuttable presumption that blurring will occur in circumstances where the senior mark is used in substantially one field of activity.

48 There is one last point that should be made about blurring. Where the senior mark is used in substantially one field of activity, and the junior mark is identical or nearly identical with the senior mark thereby giving rise to the presumption that blurring will occur, it should almost invariably be a case where the parties are operating in different fields of activity. Since blurring is the process of the “one mark one product” response turning into a “one mark two products” response, it is suggested that blurring will not occur if the parties are in the same or similar field of activity. To illustrate this point, the author returns once again to the ROLLS-ROYCE mark. If a defendant is allowed to use the ROLLS-ROYCE mark for cars or car-related products, in ten years’ time, the mention of ROLLS-ROYCE is still likely to invoke a response of “The car company”. In other words, the unauthorised use *reinforces*, not blurs, the distinctiveness of the senior mark. The proprietor of the senior mark may argue that although the public’s response will be “The car company”, they will also be wondering *which* car company is involved: the original ROLLS-ROYCE company or some other party (the defendant). The reply to this argument is that this type of injury – where the public wonders if the goods originate from another party other than the proprietor of the senior mark – is confusion, and not blurring. The reader will also note that Schechter was specifically and only concerned with the scenario where the unauthorised use of iconic marks was made in relation to what he called “non-competing” goods. One is, of course, not bound by what Schechter had in mind, but it is clear that the anti-blurring right has been stretched beyond its original purpose. The anti-blurring right was not intended to provide *extra* protection in cases that should be decided using confusion-based analysis. Some have considered such cases so inappropriate for the blurring protection that they have recommended that the anti-blurring right be categorically confined to cases where the parties are in different

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136 *Starbucks Corp v Wolfe’s Borough Coffee Inc* 559 F Supp 2d 472 (SDNY, 2008); 588 F 3d 97 (2d Cir, 2009); 101 USPQ 2d 1212 (SDNY, 2011) and *Levi Strauss & Co v Abercrombie & Fitch Trading Co* 633 F 3d 1158 (9th Cir, 2011).

fields of activity.<sup>137</sup> This would more clearly delineate the boundaries of the anti-blurring right from the boundaries of the confusion-based rights. Unfortunately, there is presently an obstacle to adopting this recommendation in Singapore. This obstacle exists in the statutory definition of the term “dilution”. The Trade Marks Act defines this term to mean the lessening of the capacity of the trade mark to identify the goods and services of its proprietor “regardless of whether there is any competition between the proprietor of the trade mark and any other party”.<sup>138</sup> We are told in no uncertain terms that dilution can occur even when the parties are competitors, that is, in the same field of activity. Therefore, until and unless there is reform in this regard, it is not possible for the tribunal to impose the condition that the parties must be engaged in different fields of activity. However, it is always open for the tribunal to use this factor as a checkpoint in the blurring inquiry.

### **B. What constitutes dilution by “tarnishing”?**

49 US law has defined “tarnishment” to mean harm to the reputation of the senior mark.<sup>139</sup> The ECJ has explained that tarnishment is “degradation” that reduces the senior mark’s power of attraction.<sup>140</sup> Schechter was not explicitly concerned with tarnishment, but it has been said that tarnishment is a subset of blurring. Posner J, working from his example that a TIFFANY restaurant would blur the distinctiveness of the TIFFANY jewellery mark, explained how different, yet similar, tarnishment is to blurring:<sup>141</sup>

[S]uppose that the ‘restaurant’ that adopts the name ‘Tiffany’ is actually a striptease joint. ... [C]onsumers will not think the striptease joint under common ownership with the jewel[le]ry store. But because of the inveterate tendency of the human mind to proceed by association, every time they think of the word ‘Tiffany’ their image of the fancy jewel[le]ry store will be tarnished by the association of the word with the strip joint ... So ‘tarnishment’ is a second form of dilution. Analytically it is a subset of blurring, since it reduces the distinctness of the trademark as a signifier of the trademarked product or service.

137 See, for example, Thomas McCarthy, “Dilution of a Trade Mark: European and United States Law Compared” in *Intellectual Property in the New Millennium: Essays in Honour of William R Cornish* (David Vaver & Lionel Bently eds) (Cambridge University Press, 2004) at p 170.

138 Section 2(1) of the Trade Marks Act (Cap 332, 2005 Rev Ed).

139 See the current § 43(c)(2)(C) of the Lanham Act (1946) (US).

140 *L’Oréal SA v Bellure NV* [2010] RPC 1 at [40]. See also *Intel Corp v CPM UK Ltd* [2009] ETMR 13 at [79] where the Advocate General explained the difference between blurring and tarnishing in this way: in tarnishing, the senior “mark is not merely weakened but actually degraded by the link which the public makes with the [junior] mark”.

141 *Ty Inc v Perryman* 306 F 3d 509 at 511–512 (7th Cir, 2002).



50 Cognitive science studies on consumer behaviour have been used to support the theory that, even when the consumer does not think that her favourite jeweller has ventured into the salacious business of striptease joints, the negative association in her mind irrationally and illogically turns her off from buying or continuing to buy TIFFANY jewellery.<sup>142</sup> Thus, the harm that tarnishment causes is the reduction and eventual loss of the positive image that the TIFFANY jewellery mark enjoys. This positive image is an important part of the mark's ability to assure the public of the quality of its goods. From this perspective, tarnishment prevents harm to the badge-of-quality function of the senior mark. To this extent, tarnishment in the statutory anti-dilution right is similar to the meaning of tarnishment given by the Court of Appeal in *Amanresorts* in the context of passing off: tarnishment occurs when the defendant's goods or services are of a worse quality than those of the plaintiff, or have some other undesirable characteristic. It should also be noted that there has always been some protection for the reputation of a trader or a business against tarnishment within the common law action for trade libel or injurious falsehood. The difference is that injurious falsehood requires proof, *inter alia*, of a falsehood.<sup>143</sup> This requirement suggests that the public must have believed in the falsehood issued by the defendant and, so deceived, is put off by the plaintiff's products or services. Therefore, injurious falsehood, passing off and the statutory anti-tarnishing right share the same aim of protecting the reputation of the senior mark. The critical difference is that in the statutory anti-tarnishing right, the cause of the feared negative response is not confusion or falsity.

51 This reference to the action for trade libel or injurious falsehood has a purpose other than to contrast the common law rights and the statutory right. Trade libel or injurious falsehood is closely related to defamation law.<sup>144</sup> It is thus suggested that the idea in the law of defamation of the public's opinion or esteem being lowered should be used as a guide to delineate the boundaries of the statutory anti-tarnishing right. Tarnishment must involve the lowering of the consumer's opinion or estimation of the senior mark and what it stands

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142 Jonathan E Moskin, "Dilution or Delusion: The Rational Limits of Trademark Protection" 83 (1993) TMR 122 at 147 where the author explained that the mind does not operate with "logical precision" and therefore it is possible for the consumer to retain unfavourable associations with a product that are unjustified.

143 For a Singapore case where the action for malicious falsehood involved a trade mark (PYCNOGENOL for an antioxidant health product), see *DHKW Marketing v Nature's Farm Pte Ltd* [1998] 3 SLR(R) 774. In this case, the plaintiff's complaint was that the defendant's advertisement insinuated that the PYCNOGENOL products sold by the plaintiff's product were fakes. The defendant was found liable for malicious falsehood and defamation.

144 *Ratcliffe v Evans* [1892] QB 524. See also s 6(1) of the Defamation Act (Cap 75, 1985 Rev Ed), which explicitly refers to its application to malicious falsehood.

for. To put it another way, tarnishment is not a trivial claim, and hence not every unauthorised use that does not meet with the approval of the proprietor of the senior mark constitutes tarnishment. The following are examples from the US and the UK where the plaintiff's claim for tarnishment was dismissed by the court:

- STARBUCKS for coffee beans *versus* MISTER CHARBUCKS for over-roasted coffee beans.<sup>145</sup> The plaintiff's complaint was that the defendant's over-roasted coffee beans were bitter and this negative association would adversely affect the positive image of the plaintiff's coffee beans.
- LOUIS VUITTON for luxury goods *versus* CHEWY VUITTON for toy products for pet animals.<sup>146</sup> The plaintiff's complaint was that the defendant's toy products were dangerous because the pet animals could choke on the toy, thereby causing their owners to develop a negative reaction to the plaintiff's mark.
- TY.PHOO for tea *versus* TYPHOON for kitchenware.<sup>147</sup> The plaintiff's complaint was that the defendant's mark was associated with the destructive power of tropical cyclones, and thus this association would be carried over in the mind of the public to the plaintiff's mark.

52 Therefore the guiding principle in the tarnishment inquiry should be whether the public's opinion or estimation of the senior mark, assessed objectively, would be lowered by the unauthorised use. This concept of lowering of the public's opinion is familiar to our courts and to lawyers generally, and for this reason, adopting this principle will inject a certain amount of certainty into the tarnishment inquiry.

53 There is one specific scenario where there would certainly be a lowering of the public's opinion or estimation of the senior mark and what it stands for. This is where the senior mark is used in relation to goods or services that are associated with sex-related activities that carry negative connotations. On this, it is relevant to refer to the WIPO Joint Recommendation, which stipulates that tarnishing occurs when the junior mark is used on goods or services that are "of an *immoral or obscene* nature" [emphasis added].<sup>148</sup> This supports Posner J's proposition that there would be tarnishment if the TIFFANY mark was

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145 *Starbucks Corp v Wolfe's Borough Coffee Inc* 559 F Supp 2d 472 (SDNY, 2008); 588 F 3d 97 (2d Cir, 2009); 101 USPQ 2d 1212 (SDNY, 2011).

146 *Louis Vuitton Malletier SA v Haute Diggity Dog LLC* 507 F 3d 252 at 266 (4th Cir, 2007).

147 *Premier Brands UK Ltd v Typhoon Europe Ltd* [2000] FSR 767.

148 Explanatory Note 4.4 of the World Intellectual Property Organization Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.

used for a striptease joint. This also explains the *Moseley* case in the US. After the decision of the Supreme Court in this case in 2003 and after the change of the law made via the Trademark Dilution Revision Act of 2006, this case went before the courts again, this time under the new law.<sup>149</sup> The trial court found that the defendant's mark VICTOR'S LITTLE SECRET for adult novelty items was likely to tarnish the fame of the VICTORIA SECRET mark. The court even held that the 2006 amendments created a "kind of rebuttable presumption or at least very strong inference"<sup>150</sup> that tarnishment is likely to occur when the junior mark's goods or services were sex-related. It is suggested that tribunals in Singapore should also take a similar strong stand against unauthorised use of the senior mark on unsavoury sex-related products and services.

54 There is only one Singapore case where the issue of tarnishment was considered by the courts: *City Chain*, which was mentioned earlier.<sup>151</sup> This is the case involving Louis Vuitton, the luxury fashion design house, and its flower device mark registered in respect of watches. It sued for confusion-based trade mark infringement as well as for dilution. Before the Court of Appeal, the dilution claim was a non-starter because the appellate court found that the senior mark did not qualify as a trade mark that was "well known to the public at large in Singapore". However, when the case was before the High Court, the trial judge considered if the plaintiff's claim of dilution by tarnishing had been made out.<sup>152</sup> The defendant's watches, which featured a flower device similar to the senior mark, retailed at a much lower price than the plaintiff's watches.<sup>153</sup> Based on this fact, the High Court opined that "[c]heaping the image of a luxury brand [was] as much tarnishing as associating that brand with unwholesome connotations".<sup>154</sup> This view may be contrasted with the stricter approach taken by Jacob LJ (as he then was) in a case involving expensive designer brand perfumes and the much cheaper knock-off perfumes. Dismissing the argument that there was tarnishment because the presence of the cheap knock-off perfumes in the market would cause the public to be unwilling to pay the much higher price of the designer brand perfumes, Jacob LJ said:<sup>155</sup>

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149 *V Secret Catalogue Inc v Moseley* 605 F 3d 382 (6th Cir, 2010). There was an appeal against this decision to the Supreme Court. However, the Supreme Court refused to hear the appeal: *Moseley v V Secret Catalogue Inc* 131 S Ct 1627 (2011).

150 *V Secret Catalogue Inc v Moseley* 605 F 3d 382 at 385 (6th Cir, 2010).

151 *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2010] 1 SLR 382 (CA).

152 *Louis Vuitton Malletier v City Chain Stores (S) Pte Ltd* [2009] 2 SLR(R) 684 (HC).

153 The retail price of the plaintiff's watches was \$4,000 to \$60,000, compared to less than \$200 for the defendant's watches.

154 *Louis Vuitton Malletier v City Chain Stores (S) Pte Ltd* [2009] 2 SLR(R) 684 at [85].

155 *L'Oréal SA v Bellure NV* [2008] RPC 9 at [85].

Knowing that a much cheaper, but inferior imitation of a well-known product is available does not tarnish the image of the original.

55 Ultimately, whether the presence of products that are clearly cheaper versions of a luxury brand will tarnish the image of the luxury brand depends on whether this presence will cause the lowering of the public's esteem of the luxury brand. I am inclined to think that this is not likely to happen.

**C. What constitutes dilution “in an unfair manner”?**

56 The discussion thus far has focused on what blurring and tarnishment mean. There is an additional ingredient that must be satisfied before the dilution claim can succeed, namely, that the blurring or tarnishment must be caused “in an unfair manner”. This additional ingredient is derived from the WIPO Joint Recommendation.<sup>156</sup> The latter explained that the phrase “in an unfair manner” means “contrary to honest practices”.<sup>157</sup> It also provided two examples of fair or honest use: referencing the senior mark for review or for parody.<sup>158</sup> When transposing these recommendations into the anti-dilution provisions in the Trade Marks Act 1998, the draftsman in Singapore appeared to have catered for the phrase “in an unfair manner” in the form of specific defences. The defences are the following:<sup>159</sup>

- (a) prior user before the senior mark became well known in Singapore, unless the use is in bad faith;
- (b) acquiescence for five years, unless the use is in bad faith;
- (c) use of one's own name, which is in accordance with honest practices in industrial or commercial matters;
- (d) use to indicate a characteristic (such as the kind, quality and quantity) of the product, which is in accordance with honest practices in industrial or commercial matters;
- (e) use to indicate the intended purpose of the product (in particular, accessories or spare parts), which is in accordance with honest practices in industrial or commercial matters;

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156 See Art 4(1)(b)(ii) of the World Intellectual Property Organization Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.

157 See Explanatory Note 4.4 in the World Intellectual Property Organization Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.

158 See Explanatory Note 4.4 in the World Intellectual Property Organization Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.

159 Apart from (a) and (b), the rest of the defences in this list are found in s 55A of the Trade Marks Act (Cap 332, 2005 Rev Ed). The defence in (a) is found in s 55(6), while the defence in (b) is found in s 55(7). See further s 55(8) on bad faith.

- (f) use of a trade mark that is registered in Singapore;<sup>160</sup>
- (g) fair use in comparative advertising or promotion;
- (h) use for non-commercial purpose; and
- (i) use for the purpose of news reporting or news commentary.

57 The submission that the element of “in an unfair manner” envisaged by the WIPO Joint Recommendation is implemented in Singapore by way of defences is supported by two features in these defences. First, some of these defences are subject to the criterion “in accordance with honest practices in industrial or commercial matters”. This criterion is merely a longer version of the phrase “contrary to honest practice”, the latter being the guideline given by the WIPO Joint Recommendation for “in an unfair manner”.<sup>161</sup> Second, the WIPO Joint Recommendation gave review and parody as examples of what is fair use. The review example, depending on the facts of the case, may fall within the defences in (g) to (i). The parody example would fall within the defence in (h). The latter defence – use for non-commercial purpose – is derived from the US anti-dilution model. The reader will recall that when enacting the anti-dilution right, the Americans were concerned that anti-dilution protection should not affect the sacrosanct First Amendment right, in particular, the right to criticise and to parody, and therefore created defences to address this concern.<sup>162</sup> Giving effect to this legislative intent, the US courts have interpreted this non-commercial

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160 This defence operates where the defendant is using a trade mark that he has registered in Singapore. By this registration, the defendant has the exclusive rights to use this trade mark in Singapore, hence the defendant’s use of this trade mark cannot constitute trade mark infringement – not even if his trade mark is found to be one that causes dilution by blurring or tarnishment. What the senior mark’s proprietor ought to do in this scenario is to apply to expunge the defendant’s trade mark from the register under s 23 of the Trade Marks Act (Cap 332, 2005 Rev Ed) on the grounds that this registration was invalid under s 8(4) because it would cause dilution of the distinctive character of the senior mark. Once the defendant’s trade mark is expunged from the register, any continued use of this trade mark by the defendant would then constitute infringement.

161 There is another reason why the two phrases “in an unfair manner” and “in accordance with honest practices in industrial and commercial matters” are two sides of the same coin. The latter phrase, the European Court of Justice has held in various cases, including *Anheuser-Busch Inc v Budejovicky Budvar NP* [2005] ETMR 27 at [82], encapsulates “in substance the expression of a duty to act *fairly* in relation to the legitimate interests of the trade mark proprietor” [emphasis added]. Therefore fairness and honesty mean the same thing. For a summary of the guidelines used by the English courts when determining if a use is “in accordance with honest practices in industrial and commercial matters”, see *Samuel Smith Old Brewery (Tadcaster) v Philip Lee* [2012] FSR 7 at [114].

162 See the discussion at para 16 above.

use defence to cover “fully constitutionally protected speech” such as parodies.<sup>163</sup>

58 Yet if the draftsman intended to implement the phrase “in an unfair manner” by way of defences, why then does this phrase appear as a condition that has to be satisfied to make out a case of *prima facie* infringement? This is a peculiar feature in the Singapore model. What Singapore has done to implement the WIPO Joint Recommendation should be contrasted with how the US has done it. In the US, a dilution claim succeeds if the plaintiff establishes blurring or tarnishment and the defendant cannot fit his act into one of the statutory defences.<sup>164</sup> In Singapore, a dilution claim succeeds if the plaintiff establishes blurring or tarnishment that is caused “in an unfair manner”, and the defendant cannot fit his act into one of the statutory defences. In other words, the fairness or unfairness of the defendant’s dilutive act arises once in the US (in determining whether the act is excused by a defence) but twice in Singapore (in determining whether there is a *prima facie* case and whether the act is excused by a defence). From this perspective, the phrase “in an unfair manner” in the Singapore infringement provision seems superfluous. One way of resolving this is to delete the phrase “in an unfair manner” from the infringement provision. A further justification for this deletion is that the phrase “in an unfair manner” is too vague in scope. If this phrase is deleted, tribunals will assess the fairness of the dilutive act by reference to the statutory defences, which provide clearer guidance of what types of dilutive uses are allowed. It should be noted, however, that many of the statutory defences, whilst specifying the nature and purpose of the dilutive act, also embody an inquiry into the fairness or unfairness of the use. For example, a dilutive act that indicates the kind or quality of the goods is permitted, provided that such descriptive use is “in accordance with honest practices”, and a dilutive act in comparative advertising is permitted, provided that such act is “fair”. Even the defence of acquiescence is subject to the condition that the dilutive use must not be in “bad faith”. Therefore even if the phrase “in an unfair manner” was removed from the infringement provision, some amount of uncertainty will still remain.

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163 See, for example, *Mattel Inc v MCA Records Inc* 296 F 3d 894 at 905 (9th Cir, 2002). In this case, the defendant published a song under the title “Barbie Girl”, the lyrics of which poked fun at the iconic Barbie doll. The court found that the use of the mark BARBIE in the title of the song caused blurring of the distinctive character of the BARBIE mark, because the song was so successful that some consumers hearing the BARBIE mark thought of both the doll and the song, instead of just the song. However, the defendant’s dilutive use of the BARBIE mark, the court held, was permitted under the non-commercial use defence.

164 The defences are fair use including descriptive use and use in comparative advertising, non-commercial use and news reporting or commentary. See further para 17 above, and specifically n 52 above.

59 There is an alternative approach. It may be argued that the phrase “in an unfair manner” is not superfluous in the infringement provision. What the draftsman intended is for this ingredient to *supplement* the list of statutory defences. In other words, the draftsman envisages that a dilutive act that does not fall within the ambit of any one of the statutory defences can nevertheless be fair and should be allowed. The advantage of this approach is that we are not “locked in” by what is set out in a fixed list of prescribed uses in the defences. This flexibility allows the tribunal to respond to the ever-changing landscape in the business and marketing world or simply to a factual scenario that does not fit squarely into one of the prescribed uses. It should be noted that the US list of statutory defences is not closed: they have a general fair use defence.<sup>165</sup> This general fair use defence confers on the US courts more discretion to decide if a dilutive use should be stopped. In Singapore, we achieve this same result, even with a closed list of defences, by having the extra ingredient “in an unfair manner” in the infringement provision. Deleting this phrase will limit the Singapore courts’ discretion in dilution claims. The difference can be illustrated by the following example. Imagine there is a defendant making and selling toy cars that are scale models of X brand automobiles, and where X brand is a very well-known mark amongst the general public.<sup>166</sup> The defendant’s toy car bears the X brand on the radiator grille in the same manner as the original automobile. Assume that the defendant’s use of the X brand on the toy cars would cause dilution by blurring of the distinctive character of the senior mark. Under US law, the defendant can plead that its dilutive use nevertheless falls within the general fair use defence and so should be allowed. Under Singapore law, the defendant cannot plead any of the current statutory defences.<sup>167</sup> What the defendant can do is to raise the plea that the dilution was not caused “in an unfair manner” and hence there is no *prima facie* infringement in the first place. The Singapore court is then able, like its counterpart in the US, to consider the facts of the case in its totality to see if this dilutive use is or is not a fair one. Deletion of the phrase “in an unfair manner” from the Singapore infringement provision will eliminate this possibility.

60 Some may question the wisdom of giving a tribunal so much discretion: does this not involve too much subjectivity, thereby

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165 See para 17 above, and specifically n 52 above.

166 This scenario is inspired by the facts and holding in *Adam Opel AG v Autec AG* [2007] ETMR 33. The senior mark in this case was OPEL.

167 In *Adam Opel AG v Autec AG* [2007] ETMR 33 at [44], the defence of descriptive use was invoked but the European Court of Justice held that the use of the senior mark in this case was merely an element in the faithful reproduction of the original automobiles, and not to describe any “kind, quality, quantity, intended purpose, value, geographical origin or other characteristic of goods or services; or the time of production of goods or of the rendering of services”.

generating too much uncertainty? Undeniably, an inquiry into whether the dilutive use was caused “in an unfair manner” involves subjectivity. This is so, whether the inquiry is framed as “what is unfair” or “what is contrary to honest practices” (which is the formula given by the WIPO Joint Recommendation). One way of reducing the amount of subjectivity is to adopt the following approach. Where the dilutive act falls into the statutory defences in (f), (h) and (i), there is an irrefutable case that this use is fair. Where the dilutive use fits the nature or purpose of the prescribed uses in the other statutory defences in (a) to (e) and (g), there is a very strong – but not irrefutable – case that this use is fair. Where the dilutive use does not qualify as any of these prescribed uses, it is more difficult – but not impossible – to make out a case that this use is nonetheless fair. It is suggested that legislative amendments are made to implement this approach. In the meantime, there is nothing to stop the courts from adopting this approach as a guide in the fairness inquiry.

61 Even with legislative reform, this proposal does not eliminate the subjectivity element. Is this reduced subjectivity good enough? Doesn't subjectivity prevent the trade mark system from functioning properly? The truth of the matter is that there have always been legal notions in our trade mark law that involve subjective assessments. In particular, in the current Trade Marks Act, there is a provision that prohibits the registration of a trade mark if and to the extent that its application is made in *bad faith*.<sup>168</sup> The guideline that the courts have devised for assisting in this “bad faith” inquiry is the following: whether there are “dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area [of trade] being examined”.<sup>169</sup> If it is too vague and subjective to inquire if a dilutive use was caused “in an unfair manner”, the same can be said of the inquiry for bad faith. Yet the “bad faith” concept has served us well. For example, it allowed the High Court in one case to reject an application filed by the former authorised distributor to register a mark that was similar to the principal's trade mark but not so similar as to cause confusion.<sup>170</sup> The absence of confusion meant that the confusion-based provisions in the Trade Marks Act could not be invoked to reject this application. At the time of this application, the anti-dilution right was not enacted yet. In any

168 See s 7(6) of the Trade Marks Act (Cap 332, 2005 Rev Ed).

169 This guideline came from *Gromax Plasticulture Ltd v Low Nonwoven Ltd* [1999] RPC 367 at 379, which was approved by the Court of Appeal in *Wing Joo Loong Ginseng (S) Ltd v Qinghai Xinyuan Foreign Trade Co Ltd* [2009] 2 SLR(R) 814 at [103]–[107] and in *Valentino Globe BV v Pacific Rim Industries Inc* [2010] 2 SLR(R) 1203 at [25].

170 *Nautical Concept Pte Ltd v Jeffery Mark Richard* [2007] 1 SLR(R) 1071. The trade mark proprietor's registered marks were JEFFERY-WEST and JW, whilst the trade mark applied for was JWEST.



event, the principal's trade mark would not have crossed the threshold of reputation ("well known to the public at large in Singapore") required in the anti-dilution provision. Without the "bad faith" bar, there would have been no remedy for the principal. That would have been an unfortunate outcome.<sup>171</sup> This is not to say that the fear that borderless notions like "in an unfair manner" and "bad faith" can have chilling effects on competition, is groundless. The question is whether it is better to remove these vague notions from Singapore's trade mark law altogether and, with it, all discretion from the courts or keep these notions and manage the risk of free competition being distorted in other ways. In the case of the "in an unfair manner" ingredient in the anti-dilution formula, one way of managing this risk is to use the statutory defences as checkpoints as suggested above. Another way has already been shown by Tay Yong Kwang J, in a case where he had to make a bad faith assessment. In his judgment, the learned judge said:<sup>172</sup>

The concept of bad faith is extremely wide in the sense that the courts can infer instances of bad faith and decide according to the justice of individual cases. Naturally, the court should also be cautious in not over-extending this concept lest it becomes a weapon of terror against competitors of trade mark proprietors.

62 Half of the battle is won when judges are aware of the problem. What Tay J said is very pertinent to the issue at hand. The courts and the Registry of Trade Marks (hearing oppositions to trade mark registrations based on dilution claims) must adopt an approach in the fairness/unfairness inquiry in a way to ensure that the anti-dilution right cannot become the "weapon of terror" of senior mark proprietors to stifle free competition.

63 Thus far, there is no judicial decision in which a Singapore court has considered if the dilutive use was caused "in an unfair manner". The only case in Singapore where the court found that there was a dilutive use was the *NUTELLA* case.<sup>173</sup> This is the case involving the senior mark NUTELLA known for chocolate cream spread and confectionery, and the junior mark NUTELLO used in relation to a new coffee-based beverage. The High Court found that there was a serious likelihood that the distinctive character of the senior mark would be diluted by blurring if use of the junior mark was not stopped. The dilution claim under this

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171 Indeed, two leading academics in the UK have described attempts by former agents or distributors or employees to register their principal's mark as "abuses of relationships" that are akin to a breach of trust or contract: see Lionel Bently & Brad Sherman, *Intellectual Property Law* (Oxford University Press, 3rd Ed, 2008) at para 4.4.2.

172 *Festina Lotus SA v Romanson Co Ltd* [2010] 4 SLR 552 at [114].

173 *Ferrero SpA v Sarika Connoisseur Café Pte Ltd* [2011] SGHC 176. There was also a claim for "taking unfair advantage", which failed.

heading succeeded, without any further inquiry into whether this dilutive use was caused “in an unfair manner”. This is unfortunate because the NUTELLA product and espresso were ingredients in the defendant’s beverage. Could it not be that the choice of the defendant’s mark NUTELLO was to achieve a portmanteau of the two words “NUTELLA” and “espresso”? The facts of the case would have provided the ideal platform for the court to consider the fairness or unfairness of the dilutive use. However, the defendant did not raise the issue of whether the dilutive use was caused “in an unfair manner”, nor did the defendant plead the more specific defence of descriptive use.<sup>174</sup>

64 There is one case from the Trade Marks Registry where the phrase “in an unfair manner” was activated. In *Doctor’s Associates Inc v Sim Meng Seh*,<sup>175</sup> The senior mark was SUBWAY, well known as a chain of sandwich shops, and the junior mark was SUBWAY, for clothing. The application to register the junior mark was opposed on the grounds that its use would cause confusion and dilution by blurring. The confusion claim failed. On the dilution claim, the Principal Assistant Trade Mark Registrar (“PAR”) was not convinced that the level of reputation of the senior mark had crossed the requisite threshold (“well known to the public at large in Singapore”). Nevertheless, she proceeded to consider whether the use of junior mark would cause blurring. She held that, even assuming that dilution was likely to occur, this dilution was not caused “in an unfair manner”. She took into account the fact that the proprietor of the junior mark had used the mark in Singapore before the senior mark appeared on the local scene. In fact, the proprietor of the junior mark had previously held a registration for SUBWAY for clothing (before the senior mark was used in Singapore) and had inadvertently allowed this registration to lapse. This indicated to her that there was no dishonesty on the part of the junior mark’s proprietor in seeking re-registration of the mark. It was the presence of the phrase “in an unfair manner” that allowed her to have regard to the prior user of the junior mark as well as the inadvertence of its proprietor in failing to renew the previous registration. In my view, the PAR was right to exercise the discretion in favour of the junior mark proprietor. If this had been an infringement action, the defence of prior user would have been relevant. This defence permits continued use of the junior mark if

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174 The reason why the descriptive use defence was not raised might have been due to the High Court’s finding in the case that the defendant was using NUTELLO as a trade mark for the purposes of satisfying the criterion in the infringement provision that the defendant must be using the offending mark *as a trade mark*. However, the fact that the defendant was using NUTELLO as a trade mark does not mean that the descriptive use defence cannot operate. It is possible for a defendant to be using a registered mark in the trade mark sense *and* in a descriptive sense. For an authority on this point, see *Gerolsteiner Brunnen GmbH v Putsch GmbH* [2004] RPC 39.

175 [2011] SGIPOS 15.

the use started before the senior mark became well known in Singapore, provided that this prior user was not in bad faith.<sup>176</sup> Using the approach suggested above, the fact that legislature has provided for a prior user defence is an indication that it is presumptively fair to allow prior use of the junior mark to continue. For this reason, the PAR was right to allow the registration of the junior mark in order for its proprietor to continue using this mark.

#### IV. Taking unfair advantage of the distinctive character of the trade mark (“free riding”)

65 The third prohibited act in the anti-dilution right relates to “taking unfair advantage” of the distinctive character of the senior mark. This prohibited act has been referred to as “free riding”.<sup>177</sup> For example, in *L'Oréal SA v Bellure NV* (“*L'Oréal*”), the ECJ explained this prohibited act in the following way:<sup>178</sup>

As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the [senior] mark [through blurring or tarnishing] but to the advantage taken by the third party as a result of the use of the identical or similar sign. [emphasis added]

66 This passage also highlights the difference between blurring and tarnishing on the one hand and free riding on the other. Blurring and tarnishing is about damage to the senior mark’s aura, whereas free riding is about enrichment gained by the junior mark at the expense of the senior mark’s aura.<sup>179</sup> It is possible for a junior mark not to cause any damage to the senior mark (hence no blurring or tarnishment) and yet derive a benefit from the aura of the senior mark. If this benefit is an unfair one, this falls within the ambit of free riding. Cases where the court found that there was free riding when there was no unfair blurring or tarnishment include two cases mentioned earlier: *L'Oréal* and *SPECSAVERS*.

67 Another preliminary point to note is that the US anti-dilution model does not have this free riding notion. According to Posner J, there

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176 See s 55(6) of the Trade Marks Act (Cap 332, 2005 Rev Ed).

177 See, for example, Explanatory Note 4.5 of the World Intellectual Property Organization Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, in which it was explained that in the concept of “taking unfair advantage”, the user of the junior mark amounts to a “free ride on the goodwill of the well-known mark” [emphasis added].

178 [2010] RPC 1 at [41].

179 This is how the Advocate General explained the difference in *Intel Corp Inc v CPM UK Ltd* [2009] ETMR 13 at [AG62], [AG68] and [AG79].

is no justification from an economics (cost–benefit) analysis to provide protection against free riding. After using the *Ty Inc v Perryman* (“*TIFFANY*”) example to explain what blurring and tarnishing are about, this is what he said about free riding:<sup>180</sup>

Third, and most far-reaching in its implications for the scope of the concept of dilution, there is a possible concern with situations in which, though there is neither blurring nor tarnishment, someone is still taking a free ride on the investment of the trademark owner in the trademark. Suppose the ‘Tiffany’ restaurant in our first hypothetical example is located in Kuala Lumpur and though the people who patroni[s]e it (it is upscale) have heard of the Tiffany jewel[le]ry store, none of them is ever going to buy anything there, so that the efficacy of the trademark as an identifier will not be impaired. If appropriation of Tiffany’s aura is nevertheless forbidden by an expansive concept of dilution [free riding], the benefits of the jewel[le]ry store’s investment in creating a famous name will be, as economists say, ‘internali[s]ed’ – that is, Tiffany will reali[s]e the full benefits of the investment rather than sharing those benefits with others – and as a result the amount of investing in creating a prestigious name will rise.

... The validity of [this] rationale may be doubted, however. The number of prestigious names is so vast (and, as important, would be even if there were no antidilution laws) that it is unlikely that the owner of a prestigious trademark could obtain substantial licen[c]e fees if commercial use of the mark without his consent were forbidden despite the absence of consumer confusion, blurring, or tarnishment. Competition would drive the fee to zero since, if the name is being used in an unrelated market, virtually every prestigious name will be a substitute for every other in that market.

68 To put his argument in another way, a right against free riding does not further the economic aim of trade mark law, which is to provide an incentive to trade mark proprietors to create and develop a trade mark with a strong reputation.

69 The other rationale that has been invoked to justify protection against free riding is the “reap where thou hath not sown” exhortation. There are scholars who support this justification,<sup>181</sup> and those who do

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180 306 F 3d 509 at 511–512 (7th Cir, 2002). For an expanded version of this view, see William Landes & Richard Posner, *The Economic Structure of Intellectual Property Law* (Harvard University Press, 2003) at pp 207–208.

181 See, for example, Norma Dawson, “Famous and Well-Known Trade Marks – ‘Usurping a Corner of the Giant’s Robe’” [1998] IPQ 350; Wendy J Gordon, “On Owning Information: Intellectual Property and the Restitutionary Impulse” (1992) 78 Va L Rev 149; and G H C Bodenhausen, “Scope of Protection of Famous Trademarks” (1956) 46 TMR 718.

not.<sup>182</sup> David Vaver, who is in the latter camp, has turned this justification on its head against trade mark proprietors:<sup>183</sup>

[W]ell-known mark owners say that people should not reap where they have not sown, that bad faith should be punished, that people who sidle up to their well-known marks are guilty of dishonest commercial practice. These vituperations lead nowhere. One might as well say that the well-known mark owner is reaping where it has not sown when it stops a trader in a geographic or market field remote from the owner's fields from using the same or a similar mark uncompetitively.

70 Some may suggest that, in Singapore, the free-riding notion should be more warmly embraced because it is akin to the concept of unjust enrichment, which is now recognised as a cause of action separate and independent of a contractual claim. According to Singapore courts, the elements of an unjust enrichment claim are the following:<sup>184</sup>

- (a) the defendant must have been enriched by the receipt of a benefit;
- (b) the benefit must have been gained at the expense of the plaintiff; and
- (c) the benefit was gained in circumstances where it would be unjust for the defendant to retain it.

71 Proponents of the free-riding notion would point out that if the word “benefit” in these elements is replaced with “advantage”, there is a nice fit between unjust enrichment and “taking unfair advantage”. This analogy breaks down, however, once it is recognised that the free-riding notion in the context of trade mark law can have anti-competitive effects, a concern that does not exist in a claim for unjust enrichment where the law is asked to make adjustments between parties who are in loosely speaking quasi-contractual relationships. It is suggested that, compared to blurring and tarnishment, the free-riding notion rests on shakier grounds, and there is some basis for the policy-makers in Singapore to have a rethink about whether it is desirable to continue to have free riding in its anti-dilution law. The challenge, in this regard, is

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182 See, for example, Ansgar Ohly, “The Freedom of Imitation and its Limits – A European Perspective” [2010] IIC 506.

183 David Vaver, “Unconventional and Well-known Trade Marks” [2005] Sing JLS 1 at 16. Vaver’s argument was cited with approval by the Supreme Court of Canada in *Mattel Inc v 3894207 Canada Inc* [2006] 1 SCR 772 at [22].

184 *Equatorial Marine Fuel Management Services Pte Ltd v The “Bunga Melati 5”* [2010] SGHC 193 at [77]. See also the High Court’s decision in this case on appeal: *Equatorial Marine Fuel Management Services Pte Ltd v The “Bunga Melati 5”* [2011] 4 SLR 1017.

the fact that protection against free riding is part of the WIPO Joint Recommendation, to which Singapore had agreed to give effect.

72 In the meantime, tribunals need to figure out what falls within this third prohibited act of free riding. Guidance will not come from the US because this is an alien concept there. Within the EU, their guide is found in *L'Oréal* where the ECJ described free riding in these terms:<sup>185</sup>

[W]here a third party attempts, through the use of a sign similar to a mark with a reputation, *to ride on the coat-tails of* that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark. [emphasis added]

73 The ECJ also indicated that in assessing whether there is free riding, it is necessary to undertake “a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark’s reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned.”<sup>186</sup> This “global assessment” approach is not particularly helpful, to say the least. Neither is it helpful to use the “riding on the coat-tails” formula found in the passage quoted above. To say that the proprietor of the junior mark is riding on the coat-tails of the senior mark in order to exploit or benefit from its power of attraction is merely a longer way of saying that the proprietor of the junior mark is guilty of free riding. That is a *conclusion*; it does not inform on how this conclusion is reached. To put it another way, an inquiry that focuses on whether there is free riding or “riding on the coat-tails” merely begs the question as to *what* constitutes these terms. Jacob LJ exhibited his scepticism about the free-riding formula in *L'Oréal* when he said:<sup>187</sup>

[The expression ‘free riding’] is, to me at least, subtly and dangerously emotive: it carries the unwritten message that it ought to be stopped.

185 *L'Oréal SA v Bellure NV* [2010] RPC 1 at [49].

186 *L'Oréal SA v Bellure NV* [2010] RPC 1 at [44]. This “global assessment” approach was cited with approval and applied by the High Court in *Ferrero SpA v Sarika Connoisseur Café Pte Ltd* (“NUTELLA”) [2011] SGHC 176 at [180]–[185].

187 *L'Oréal SA v Bellure NV* [2008] RPC 9 at [27]. When Jacob LJ had to hear this case again after the European Court of Justice had handed down its judgment in this case, he again criticised this free-riding principle as being “high in moral content (the thought is clearly that copyists, even of lawful products should be condemned) rather than on economic content”: *L'Oréal SA v Bellure NV* [2010] RPC 23 at [49].

That is far from being necessarily so. The needs of proper competition and lawful free trade will involve an element at least of 'free riding'. The problem for trade mark law is where to draw the line between permissible and impermissible 'free riding'. Using the epithet does not solve the problem.

74 The same criticism can be applied to the "riding on the coat-tails" formula. Perhaps because of Jacob LJ's criticism, another English judge has said that his own preference was to use another metaphor: "standing on the shoulders".<sup>188</sup> However, the latter is as much a rhetoric as free riding or "riding on the coat-tails". Michael Spencer has dismissed the "standing on the shoulders" metaphor as being "platitudinous",<sup>189</sup> a claim that rings so true but is useless as a guide to determine what the law finds objectionable.

75 It is suggested that instead of relying on these metaphors, the inquiry should return its focus to the original formula, that is, "takes unfair advantage". It should start with determining whether there was an *advantage* derived as a result of the link or mental association that the public made between the junior mark and the senior mark. If there was indeed an advantage, the next task is to determine if this advantage was *unfairly* derived. The inquiry in the second stage is the same as the inquiry of whether the blurring or tarnishing was caused "in an unfair manner". This has already been discussed in paras 56 to 64 above. The discussion that follows will focus on how we determine if there was an advantage.

76 The crux in this first stage of the inquiry is to have a clear idea of what "advantage" means. On this, the German *DIMPLE* case is instructive. It is often used to illustrate what "takes unfair advantage" means. This is the case where the proprietor of the senior mark DIMPLE, well known for whisky, succeeded in a claim against the defendant who was using the DIMPLE mark to sell perfumes. What was not highlighted when this case was first mentioned in this article at para 11 above was that there was another claim against the defendant for using the DIMPLE mark to sell household cleaning products such as detergents and bleaching agents. This second claim failed. In other words, the German court found it objectionable when the defendant used the DIMPLE mark in relation to perfumes, but not when the defendant used the DIMPLE mark in relation to detergents and bleaching agents. In my view, the German court's reasoning for

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188 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2011] FSR 1 (HC) at [167].

189 Michael Spencer, "Restricting Allusion to Trade Marks: A New Justification" in *Trade Mark Law and Theory: A Handbook of Contemporary Research* (Graeme B Dinwoodie & Mark D Janis) (Edward Elgar, 2008) at p 330.

upholding one claim and dismissing the other holds the key to a proper understanding of the word “advantage”. When the DIMPLE mark was used to sell perfumes, the court found that it was conceivable that there would be a “transference of the reputation of the whisky trade mark by the consumer”<sup>190</sup> to the defendant’s cosmetics, whereas there was no possibility of such transference to detergents and bleaching agents.<sup>191</sup> This is what “advantage” means: a transfer of the prestige of the senior mark to the goods or services of the defendant. In real terms, it is further submitted, this transfer of prestige or advantage or enhanced performance manifests itself in terms of enhanced sales for the defendant. What one should be looking for is whether the defendant is likely to enjoy better sales of his products or services by reason of the public making a mental association between the junior mark and the senior mark. Two cases will be used to illustrate this point.

77 In *L’Oréal*, the “taking unfair advantage” claim succeeded.<sup>192</sup> The defendant sold “smell-alike” perfumes under packaging that was similar to that of the plaintiff’s designer brand perfumes. At the trial, the defendant accepted that sales of its perfumes put into packaging similar to the designer brand perfumes were good because of the latter’s reputation.<sup>193</sup> There was another piece of evidence that indicated, in a very concrete way, how the defendant’s sales were enhanced by adopting the plaintiff’s packaging. The defendant also sold “smell-alike” perfumes that had very basic packaging with no resemblance to the plaintiff’s packaging. These perfumes in basic packaging were retailed at a much lower price than the defendant’s “smell-alike” perfumes that had a packaging similar to the plaintiff’s. The defendant conceded that it was able to charge more for its perfumes that were packaged like the plaintiff’s because their packaging “alluded to” the plaintiff’s product.<sup>194</sup>

78 In the *NUTELLA* case, the “taking unfair advantage” claim failed.<sup>195</sup> Although there was evidence that the NUTELLO product sold very well within the first four months of its launch, the defendant was able to convince the High Court that the enhanced sales of this product was not necessarily due to the fact that the product was named in a manner similar to NUTELLA. The defendant explained that employees in its cafés were trained to “upsell”<sup>196</sup> every new product to consumers, and hence it was only natural that the sales of the new NUTELLO

190 *DIMPLE* (1986) 17 IIC 271 at 275.

191 *DIMPLE* (1986) 17 IIC 271 at 276.

192 Note that the claims for confusion and for tarnishing were dismissed. For the findings made by the UK High Court on confusion, tarnishing and free riding, see the report at *L’Oréal SA v Bellure NV* [2007] RPC 14.

193 *L’Oréal SA v Bellure NV* [2007] RPC 14 at [60] and [151] (point (v)).

194 *L’Oréal SA v Bellure NV* [2007] RPC 14 at [60] and [151] (point (iii)).

195 *Ferrero SpA v Sarika Connoisseur Café Pte Ltd* [2011] SGHC 176.

196 *Ferrero SpA v Sarika Connoisseur Café Pte Ltd* [2011] SGHC 176 at [188].



beverage were impressive. The High Court concluded that the plaintiff had not satisfactorily discharged the burden of proving that the defendant “had gained *any* advantage ... let alone an *unfair* advantage” [emphases in original].<sup>197</sup>

79 An issue has been raised in the EU about the role of the defendant’s intention in a “taking unfair advantage” claim. When defining what constitutes “taking unfair advantage”, the ECJ in *L’Oréal* focused the inquiry on the defendant’s *attempt* to “ride on the coat-tails” of the senior mark.<sup>198</sup> To some, this indicates that whether a claim for “taking unfair advantage” succeeds or fails is solely dependent on the presence or absence of *intention* to take advantage of the reputation of the senior mark. That is to say, the defendant is liable if he harboured intention to take advantage, and conversely he is not liable if he had no such intention. The position in the UK has been clarified by the Court of Appeal of England and Wales. This appellate court’s view is that a defendant’s intention to take advantage of the reputation of the senior mark is merely one factor in the inquiry. If he did not have such intention, but his use of the junior mark to sell his products or services did give him an advantage, the tribunal can conclude that there was unfair advantage taken.<sup>199</sup> If he had such intention, he is not liable if he can show that his adoption of the junior mark was with due cause.<sup>200</sup> What this, in effect, means is that the English court considers the defendant’s intention at the point of determining if the advantage that accrued to him is an unfair one. In other words, this intention is relevant in the second stage of the inquiry on fairness or unfairness. It is submitted that Singapore should adopt another approach. In this alternative approach, the defendant’s intention is relevant at the first stage of determining whether there is an advantage gained by the defendant in this way: if it can be proved that the defendant chose a junior mark with the intention to enhance the sale of his products or services, it is submitted that this fact lowers the burden on the plaintiff to prove that the defendant would enjoy enhanced sales. This is merely an application of the established principle in the law of passing off that if a defendant intended to confuse the public, the court is entitled to conclude that he achieved what he set out to do.<sup>201</sup>

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197 *Ferrero SpA v Sarika Connoisseur Café Pte Ltd* [2011] SGHC 176 at [188].

198 *L’Oréal SA v Bellure NV* [2010] RPC 1 at [49].

199 *Whirlpool Corp v Kenwood Ltd* [2010] RPC 2 at [136].

200 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] ETMR 17 (CA) at [141].

201 See the discussion at para 43 above.

80 To illustrate how the recommended approach works, the facts of the English case, *Yell Ltd v Louis Giboin*,<sup>202</sup> will be used. The plaintiff was the publisher of the famous YELLOW PAGES directories. The plaintiff's other famous trade mark was the so-called "walking fingers" logo (featuring fingers walking across the open pages of a book). The defendant started an online directory or database relating to transport services. The defendant's trade mark comprised a drawing of a truck and the words TRANSPORT YELLOW PAGES as well as the "walking fingers" logo. The defendant chose this trade mark in order to "get attention", in particular, the attention of potential investors.<sup>203</sup> It is submitted that the defendant's intention to "get attention" is indicative of an intention to enhance its financial position by aligning itself with the reputation of the plaintiff. It is permissible to use this intention to conclude that the defendant was likely to achieve this aim of getting the attention of potential investors, and in this way, enhance its financial position. In short, the defendant is likely to derive an advantage. The inquiry then moves on to the second stage of determining the fairness or unfairness of this advantage. Here the intention of the defendant is not relevant. The fairness inquiry should proceed in accordance with the suggestion made in paras 56 to 64 above.

81 Apart from the *NUTELLA* case, there is another Singapore case where the court considered a claim for "taking unfair advantage". In *Clinique Laboratories LLC v Clinique Suisse Pte Ltd*,<sup>204</sup> the senior mark was CLINIQUE for cosmetic skin care products and treatment services. The junior mark was CLINIQUE SUISSE used as the trading name of a medical clinic selling skin care products and offering skin care treatment services. The confusion-based claim as well as a claim for "taking unfair advantage" succeeded. On the latter claim, the High Court found that the defendant was "free riding on the plaintiff's coat-tails".<sup>205</sup> In making this finding, the court took into account the fact that the parties were in similar or closely related fields of activity and that there was a strong likelihood of confusion. The relevance of confusion in this inquiry may be justified on the basis that confusion results in diversion of sales from the plaintiff to the defendant and hence the defendant is enjoying enhanced sales as a result of adopting a confusingly similar mark. The unfairness of this advantage derived by the defendant, it would appear, was compounded by the fact that there was no legitimate reason for the defendant to choose the CLINIQUE SUISSE mark. Although the

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202 [2011] EWPC 9. The UK High Court found the defendant liable for trade mark infringement in the confusion-based claim and in the "taking unfair advantage" claim.

203 *Yell Ltd v Louis Giboin* [2011] EWPC 9 at [128].

204 [2010] 4 SLR 510.

205 *Clinique Laboratories LLC v Clinique Suisse Pte Ltd* [2010] 4 SLR 510 at [16] and [45].

defendant claimed that this mark was an allusion to its links with a hospital in Switzerland and that its skin care products were made in Switzerland, no evidence was provided to prove any of these claims.<sup>206</sup>

## V. Conclusion

82 Modern trade mark law is no longer just about preventing confusion in the marketplace; it is also about preventing dilution of the distinctiveness or reputation of a trade mark. The anti-dilution right has been the subject of much debate. The so-called “father” of this right, Frank Schechter, has been praised by some and reviled by others. Critics have slammed this right for its lack of juridical basis and for its very amorphous scope and therefore raising the concern that the uncertainty caused by this right can have a chilling effect on fair and free competition in business. For better or worse, the anti-dilution right is now part of the trade mark landscape in Singapore. The aim of this article is to inject some certainty into the dilution analysis. It breaks down the right into its different components: unfair blurring, unfair tarnishment and taking unfair advantage. By revisiting the fundamental reasons underlying the grant of the anti-dilution right, it is possible to draw some bright lines demarcating the scope of what blurring, tarnishment and advantage means. This is where the *sense* (logic and objectivity) lies in the inquiry. Then there is the element of unfairness. To draw bright boundary markings to fence in this element of unfairness is an impossible task. To this extent, there will always be some *sensibility* (intuition) involved in this inquiry. Nevertheless, this article proposes a way in which tribunals exercising their intuition can find some guidance within the statutory framework provided by the Trade Marks Act.

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206 *Clinique Laboratories LLC v Clinique Suisse Pte Ltd* [2010] 4 SLR 510 at [24] and [45].