Protection against Trademark Dilution in the U.K. and Canada: Inexorable Trend or Will Tradition Triumph

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Introduction

It is said that the world is growing smaller. Global trade is increasing—indeed, much of the success of the United States' economy currently relies on trade. One increasingly important aspect of global trade is intellectual property: patents, copyrights and trademarks. Companies trading around the world seek protection for their goods and their brands from appropriation by competitors and others. However, in an increasingly interconnected world the laws that govern the transmittal of information, and the protection of intellectual property, often remained isolated. They are the products of national boundaries and even, in some cases, the products of subdivisions of those nations. But this is changing.

The North American Free Trade Agreement (NAFTA) required Canada, the United States, and Mexico to harmonize some of their laws governing intellectual property to facilitate free trade. The General Agreement on Tariffs and Trade (GATT) contains provisions requiring signatories to conform to certain minimum standards as well. The European Community is attempting to harmonize the laws of its member nations. And the United States gradually has been changing its laws to match those of other nations more closely.

2. The prime examples of the latter, of course, are the constituent states of the United States. But our situation is hardly unique. Canada's provinces also have individual laws and regulations, as do the states of Mexico, and the constituent parts of the United Kingdom—England, Scotland, Wales, and Northern Ireland.
5. See Agreement on Trade Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods of the General Agreement on Tariffs and Trade. This agreement, known by the acronym TRIPS, was implemented in the United States by Pub. L. No. 103-465, 108 Stat. 4809, Title V. See generally Leaffer, supra note 3.
Few practitioners with outward looking clients can stay ignorant of international trends. But despite the moves toward homogenization, the laws of separate nations remain different, and important. Trademark law in particular historically has been very territorially oriented. That is, countries tend to view trademark law as protecting marks that are used within the country, pursuant to local law. Although the communications revolution may force changes, it is still important to know how each country will treat the issues involved in trademark protection. This Article illustrates the dual forces of harmonization and national differences in one small corner of the intellectual property world: a recent trend in the law of trademark protection. As global trade grows, trademarks—brand identities—carry the flag, so to speak, of products, companies, and even countries. Obviously, the vast array of countries and laws makes a global discussion difficult. This discussion will focus on the common law friends of the United States, namely, Great Britain and Canada, and will analyze primarily one aspect of trademark law: infringement without confusion. This aspect of trademark law is representative of the trend toward increasing protection not just of the brands, but of information itself. Moreover, it illustrates the dual impulses of international harmonization and national regulation with national differences. As will be seen, although each of the countries purports to protect trademarks against non-confusing second users, the traditions of each country result in somewhat different types of protection. British law is further complicated by Britain’s membership in the European Community, which mandates a degree of harmonization of the laws among its member countries.
The purpose of this Article is twofold: awareness and comparison. First, it is intended to make the U.S. audience more aware of an area of law that is burgeoning in this country and could well become a major aspect of trademark law in other countries. Second, the Article takes on a comparative role. It points out various ways in which the laws of the two countries are similar to, and different from, their U.S. counterparts. In doing so, we will find an interesting fact: sometimes procedure can be as important to protection as substance. This will require a short excursion into the practical differences between the way some systems enforce the substance of trademark law.

Part I presents a brief introduction to the primary subject of discussion: trademark infringement without confusion, its origins and current state of statutory and common law protection in different countries. Part II discusses the state of the law in the United Kingdom, and Part III discusses the law in Canada. Hopefully, this discussion can be a catalyst for further examinations of comparative trademark law.

I. Trademark Infringement Without Confusion:
A (Very) Short Course

Though at least a passing familiarity of the reader with trademark nomenclature is assumed, I will first present a short description of the general problem at hand. As students and practitioners of trademark law are aware, the traditional linchpin of trademark infringement is the likelihood that the use by a second person of a mark that is the same as or similar to a mark already used by another will cause confusion among the consuming public.

By protecting against confusion, trademark law protects consumers included in Britain's law).

11. At the risk of possible inaccuracy (and ruffled sensibilities), I will often use "Britain" or "Great Britain" to refer to the United Kingdom of Great Britain and Northern Ireland. I hope that this does not distract readers from the points made.

12. By "mark" I mean a symbol, word, device, etc., that serves to distinguish the goods or services of one person from those of another. See 15 U.S.C. § 1127 (definition of "trademark").

13. See J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 23:1 ("Likelihood of confusion" is the basic test of both common-law trademark infringement and federal statutory infringement."). In simplified parlance, "confusion" means that the consumer thinks that Company B's goods are really Company A's goods, or that Company B's goods are somehow connected with, or approved or authorized by, Company A.
against deceptive sales practices, and businesses against unfair competitive practices. Over the years, the ambit of "confusion" has expanded beyond confusion of goods and source (you buy Company A's widget, thinking it is the one made by Company B), to confusion of sponsorship (you know that Company A does not make widgets, but you think it may approve of this one or licensed someone to use its name) and even "post sale" confusion (the buyer is not confused about who makes or sponsors the product, but people seeing the item in the buyer's home are confused about its source). This expansion of what constitutes actionable confusion gives mark owners considerable protection against unauthorized uses of the mark.

But another form of trademark protection, giving even more protection to mark owners, has become popular recently. That form of protection is known as trademark "dilution." Trademark dilution is based not on the notion of protecting consumers from deception, but on protecting mark owners from a possible diminution in the value of their marks. The theory of dilution, usually traced to a Harvard Law Review article by Frank Schechter,\(^\text{14}\) is that a second use of a well-known mark, even where the second use does not confuse consumers, gradually erodes the unique symbolism of that mark. Over time, many such uses erode the unique connection between a well-known mark and goods produced by the mark's owner. Once that connection is partially severed by the presence of other (usually non-competing or non-similar) goods with the same brand name, the value of the trademark as a marketing device is eroded.\(^\text{15}\) Dilution proponents have cited these as potential examples of diluting uses of


15. This has been termed the "whittling away" of the marketing power of the trademark. As the law now stands, it also protects against other uses that could harm the marketing power of a trademark, such as association with unsavory messages. See, e.g., American Express Co. v. Vibra Approved Lab. Corp., 10 U.S.P.Q.2d (BNA) 2006 (S.D.N.Y. 1989); Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183 (E.D.N.Y. 1972). This is known as trademark "tarnishment." In the spirit of full disclosure, I should concede that, in my view, dilution is based on tenuous assumptions and represents an unnecessary extension of traditional trademark law. See generally David S. Welkowitz, Reexamining Trademark Dilution, 44 VAND. L. REV. 531 (1991). For other views of dilution, see MCCARTHY § 24:114 at 24-207 n.1 (citing numerous articles); Kenneth L. Port, The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?, 85 TRADEMARK REP. 525 (1995); Rudolf Callmann, Unfair Competition Without Competition?, 95 U. PA. L. REV. 443 (1947); TONY MARTINO, TRADEMARK DILUTION (1996) (discussion of dilution in the United States and the U.K., as well as other countries, by a British commentator).
a mark: Buick candy bars, Kodak laundry detergent, and the like. In contrast to ordinary trademark infringement, dilution is not predicated on any showing of likelihood of confusion. The injury is the reduced marketing value of the mark, rather than confusion in the marketplace.

Dilution protection could have important implications for global trade. Proponents of trademark exclusivity—that is, strong protection against any unauthorized uses of a mark—assert that such protection facilitates worldwide brand recognition and may reduce search costs for goods for consumers in other countries.16 Opponents of such exclusivity can assert that such broad protection may hamper effective entry into the market and reduce competition (particularly if protection extends to comparative advertising of a mark), and that it may preclude parodies and other socially desirable means of communication. Protection from dilution also may be viewed as an overly broad response to the brand equity problem, arguably making it too easy for mark owners to win weak infringement suits.17

Although the theory of dilution has been around for a long time, its progression into the mainstream of trademark law in the United States and other countries has been uneven. Until 1996, trademark dilution in the United States was the province of state law.18 In that year, the Federal Trademark Dilution Act (FTDA) became effective, creating federal dilution protection for "famous" trademarks.19

In Britain, statutory recognition of trademark infringement without confusion occurred when Parliament passed a comprehensive

16. See Leaffer, supra note 3, at 5 & n.17.
17. In part, the level of opposition to dilution may depend on what percentage of trademarks are eligible for dilution protection. Under the FTDA, for instance, a mark must be "famous" to qualify for protection. See 15 U.S.C. § 1125(c). In those states that have laws protecting against dilution, most courts have interpreted the statute to require that the mark be fairly well known to be protected by state law. See McCARTHY § 24:108. Many states have recently amended their statutes to require the mark to be famous.
new trademark statute in 1994. The Trade Marks Act of 1994 ("1994 Act") included sections that appear to provide such protection. The relatively new and untested laws of the U.K. and United States provide a particularly interesting point of comparison as the courts of each country seek to give meaning to the new statutory provisions.

Canada has had a statutory provision since 1953 allowing for infringement without confusion. However, the first major interpretation of that statute did not come until 1968, and its protective reach still is uncertain. How each country deals with this issue may provide important insights into the evolution of their respective intellectual property rights in general. Cultural and legal historical norms also may play an interesting role in determining the breadth of trademark protection in individual countries. Although trademark historically is a consumer protection or unfair competition issue, a principle that permits significant exclusivity rights begins to look more like a property theory. Thus, the study of dilution may be a window to the future of intellectual property.

With this rather brief introduction behind us, let us move into a more detailed discussion of the dilution laws of Britain and Canada.

II. The British Experience: Confusion Reigns

There are really three eras of British trademark law that one might discuss. First is the period before the 1938 statute, when common law unfair competition provided the basic principles. Next

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20. This statute was prompted by its membership in the European Union, which directed that member states attempt to approximate their trademark laws in order to facilitate free trade among the countries. See Directive, supra note 6.

21. See Trade Marks Act, 1994, §§ 5(3), 10(3) (Eng.) [hereinafter "1994 Act"]. I say "appear to provide" because the few decisions under the new law have not produced a consistent interpretation of the extent of protection provided. See infra Part II.B.


24. See discussion infra, Part III.A.

25. The 1938 statute was not the first British trademark statute. There were several preceding statutes. See T. A. BLANCO WHITE & ROBIN JACOB, KERLY'S LAW OF TRADE MARKS AND TRADE NAMES Appendices 6-8 (12th ed. 1986) (showing three previous major statutes: Trade Marks Registration Acts §§ 1875-77, 38 & 39 Vict., ch. 91; Patents, Designs and Trade Marks Act § 1883, 46 & 47 Vict., ch. 57; Trade Marks Act 1905, Edw. 7, ch. 15 (this latter statute was amended in 1914 and 1919)) [hereinafter KERLY].
is the period from the 1938 Trade Marks Act to its replacement with the 1994 Trade Marks Act. Finally, there is the period from 1994 to the present, in which the 1994 Act provides the predominant basis for trademark infringement law. This third period is also critical because it marks the attempt to harmonize British trademark law with that of the European Union. There are several important consequences of this harmonization process. One is that Britain's common law experience may not mesh easily with the European civil law tradition. Another is that, as a member of the European Union, Britain now must follow the rulings of the European Court of Justice when it interprets European Union law. As we shall see, this may have a profound effect on the development of British trademark law, and, in particular, trademark dilution law.

For convenience sake, we shall divide the discussion of British law into just two periods—the pre-1994 and post-1994 periods. The main focus will be the experience under the 1994 statute, for that is where the future of the trademark dilution claim lies. However, the pre-1994 period provides useful background for understanding the results already reached under the 1994 statute. Therefore, we will begin with an abbreviated discussion of that pre-1994 period—both statutory (under the 1938 Act) and non-statutory.

A. The Pre-1994 Experience

One can trace a form of trademark dilution in the United Kingdom to the 19th-century. However, that case, involving a famous trademark (Kodak) used by a second user on very disparate goods (bicycles) from the original, was decided, at least formally, on the familiar grounds of confusion and passing off. When the Trade Marks Act of 1938, predecessor to the current United Kingdom trademark statute, was enacted, it did not protect trademarks without

26. The common law action for "passing off" still exists and provides protection for trademarks that are not registered under the 1994 statute. See United Biscuits (UK) Ltd. v. Asda Stores Ltd. [1997] R.P.C. 513 (Ch. 1997). The essence of this action is that one company is using some device to "pass off" its goods as the goods of another, thereby deceiving the consumer. This action will be discussed in more detail infra Part III.D.2.


28. And a similar one decided a few years later. See Eastman, 15 R.P.C. 105.

29. See id.
a showing of confusion. Nevertheless, some cases post-dating the 1938 Act can be found that uphold dilution-like arguments. The 1938 Act did not preempt the common law tort of passing off, and it is under that rubric that we find some support for a dilution claim. Perhaps the most prominent case is Taittinger S.A. v. Allbev, Ltd., a suit by producers of French champagne from the Champagne district against the maker of a sparkling non-alcoholic drink called "Elderflower Champagne." This case was a common law action for passing off, rather than statutory trademark infringement. In their discussions of the passing off claim, all three judges of the Court of Appeal agreed that the essence of the damage to plaintiff was the dilution or blurring of the exclusive connotation of the term "champagne" with wine from the French Champagne region.

Peter Gibson, L.J., began with an extended discussion of the tort of passing off, focusing on the deceit or confusion aspects of the action, and concluded that confusion was likely. But then he continued as follows:

But in my judgment the real injury to the champagne houses' goodwill comes under a different head .... [Plaintiff's counsel] had argued that if the defendants continued to market their product, there would take place a blurring or erosion of the uniqueness that now attends the word "champagne," so that the exclusive reputation of the champagne houses would be debased. He put this even more forcefully before us. He submitted that if the defendants are allowed to continue to call their product

30. The Eastman case referred to above did engender a section 27 in the 1938 Act on "defense of registration," permitting certain "invented" marks to be registered for goods on which they were not used. See Kerly, supra note 25, § 8-82 at 135.

31. I say "dilution-like," rather than "dilution" primarily because the cases are decided expressly on a passing off rationale, which is really grounded in deceit, or at least some sort of confusion (even if confusion of sponsorship).


33. It also included a claim under a European Council regulation relating to the use of the term "champagne." See id. at 79. The judges also upheld plaintiff's contention that the regulation had been violated. See id. at 90-91, 95.

34. Sir Thomas Bingham, M.R., did state that the major issue was whether "a risk of confusion" existed. Id. at 94. Nevertheless, he based his agreement with his fellow judges on the same ground—dilution—as their arguments. It should be noted that all three judges accepted a formulation for passing off set forth by Lord Diplock in Erven Warnick BV v. Townend & Sons (Hull) [1979] 2 All E.R. 927, 932-33 (H.L. 1979), [1979] App. Cas. 731, 742 (appeal taken from C.A.). The last two elements in that test are for misrepresentations "calculated to injure the business or goodwill of another" and which cause such injury. Taittinger at 82 (quoting Warnick at 932-33). The judges viewed dilution as an injury to the plaintiffs' goodwill.
Elderflower Champagne, the effect would be to demolish the distinctiveness of the word champagne, and that would inevitably damage the goodwill of the champagne houses.

In the *Advocaat* case ... Goulding, J., held that one type of damage was "a more gradual damage to the plaintiffs' business through depreciation of the reputation that their goods enjoy." He continued: Damage of [this] type can rarely be susceptible of positive proof . . . .

It seems to me inevitable that if the defendants, with their not insignificant trade as a supplier of drinks to Sainsbury [a large grocery chain in Britain] and other retail outlets, are permitted to use the name Elderflower Champagne, the goodwill in the distinctive name champagne will be eroded with serious adverse consequences for the champagne houses.36

This language is that of dilution, not traditional confusion. Though the judge already had concluded that traditional confusion existed, his extended discussion of the potential damage to goodwill shows the influence of dilution concepts on the decision.

Similarly, when discussing the element of likely damage (necessary to support an injunction here), Mann, L.J. wrote:

Their case was and is, that the word "Champagne" has an exclusiveness which is impaired if it is used in relation to a product (particularly a potable product) which is neither Champagne nor associated or connected with the businesses which produce Champagne. The impairment is a gradual debasement, dilution or erosion of what is distinctive (compare Sir Robin Cooke P., Wineworths Group Ltd. v. CIV [1992] 2 NZLR 327 at 332). The consequences of debasement, dilution or erosion are not demonstrable in figures of lost sales but that they will be incrementally damaging to goodwill is in my opinion inescapable. On this basis I would grant injunctive relief as claimed.37

Even though these statements were made in a context of traditional confusion, the link to dilution theory is clear.

However, the *Taittinger* rationale was not readily extended to non-confusing uses of another's mark. In *Harrods Ltd. v. Harrodtian School Ltd.*,38 the Court of Appeal denied relief to the Harrods

35. *Id.* at 87.
36. *Id.* at 88.
37. *Taittinger* at 91.
department store in a suit against a private school called the "Harrodian School."39 Discussing Taittinger, Millett, L.J., noted that "unless care is taken[, the concept of damage to goodwill as sufficient proof of confusion] could mark an unacceptable extension to the tort of passing off."40 He went on to say, "I have an intellectual difficulty in accepting the concept that the law insists upon the presence of both confusion and damage yet recognizes as sufficient a head of damage which does not depend on confusion."41 He then accepted the trial judge's finding of no likelihood of confusion, and refused relief.42 But both Taittinger and Harrods Ltd. were common law actions for passing off. Not until recently was there a statutory basis for dilution protection.

B. A New Statute and New Expectations

In 1994, the British Parliament passed a new Trade Marks Act, replacing the one in effect since 1938. As major reforms of intellectual property laws are not particularly commonplace, one might ask what prompted the Parliament to overhaul its law. Simply stated, the cause was Britain's membership in the European Community. In late 1988, the Council of the European Community43 issued a directive requiring member countries to harmonize their trademark laws.44 The Council's concern was that widely disparate laws could hamper trade within the common market. Member states were required to "comply with this Directive not later than 28 December 1991;"45 obviously, the U.K. was rather late.46 When the

39. Notably, the school occupied a building formerly used by the Harrodian Club, a private club of Harrods employees.
40. Harrods at 697.
41. Id. Oddly, he seemed also to believe that dilution constituted genericide—that is, making the mark generic.
42. See id. at 717-18. Beldham, L.J., also upheld the trial judge's refusal of relief on the ground of no confusion. See id. at 732. Sir Michael Kerr dissented. He would have credited the Taittinger analysis, at least in so far as a cheapening of the mark's reputation is an actionable form of damage. See id. at 719.
43. Now the Council of the European Union.
44. See Directive, supra note 6. Directives are issued by the Council of the European Union, a legislative body. They act, in effect, as legal mandates to the members of the EU under the treaties governing the union. In the case of the trademarks Directive, some of the provisions were mandatory—that is, all members were obliged to enact them in substance into national law—while other provisions were not.
45. Directive, supra note 6, art. 16(1).
46. Article 16(2) of the Directive permitted the Council to postpone the date
reform bill finally came up for debate in Parliament, its supporters urged the members not to tamper with the key language, taken almost verbatim from the Directive. They were concerned that changes could cause Britain's law to be inconsistent with that of other E.C. countries. This fear even extended to non-mandatory portions of the Directive. This argument was accepted and the 1994 law largely tracks the Directive. As a result, some key language is both ambiguous and unfamiliar to British law.

With regard to trademark dilution, most of the crucial language from the Directive is contained in sections 10(2) and 10(3) of the 1994 Act. Let us examine that language more closely, beginning with section 10(2):

(2) A person infringes a registered trade mark if he uses in the course of trade a sign where because

(a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or

(b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association until Dec. 31, 1992, but Britain did not even comply with that deadline. However, no direct sanctions for such failure were provided for in the Directive. For a discussion of this issue, see generally Dinah Nissen & Ian Karet, The Trade Marks Directive: Can I Prevail if the State Has Failed? [1993] 3 E.I.P.R. 91 (discussing, inter alia, possible invocation of the Treaty of Rome to provide a remedy).

47. See MARTINO, supra note 15, at 86, 103.

48. Not all portions of the Directive required certain standards. To some degree, the Directive permitted countries to implement certain features at their discretion. These features were listed in a statutory format in the Directive so that countries could, if they wished, adopt a standard format. See, e.g., Directive, supra note 6, art. 5(2) (allowing countries to protect non-similar goods from infringement in the form of taking unfair advantage of the first mark's goodwill).


50. Section 10 defines the circumstances of trademark infringement. Sections 10(2) and 10(3) set forth perhaps the most common circumstances, though by no means the only ones. As will be seen, section 5 of the 1994 Act designates the circumstances under which registration of a mark may be denied. Sections 5(2) and 5(3), in relevant part, mimic the language of sections 10(2) and 10(3), respectively. Thus, cases interpreting sections 10(2) and 10(3) can be used to interpret sections 5(2) and 5(3) and vice versa.
with the trade mark.\textsuperscript{51}

Putting aside the issue of "uses in the course of trade,"\textsuperscript{52} we will begin with the language that limits the applicability of section 10(2) to an offending mark used on "identical" goods or "similar" goods to the ones listed in the registration.\textsuperscript{53} As discussed below, the next section, section 10(3), only applies where the goods are \textit{not} similar. Thus, the infringement portion of the statute creates two seemingly non-overlapping categories—INFRINGEMENT by the same or similar goods, and infringement by non-similar goods—with separate standards for infringement. This is a change from the 1938 Act. This distinction between the infringement standard for similar vs. non-similar goods is not only "foreign" from a British standpoint, it is, at least formally, a concept not found in American trademark law.\textsuperscript{54} Because section 10(2) contains the traditional test for trademark infringement—likelihood of confusion—it would appear that the statute only imposes that requirement in similar goods situations.\textsuperscript{55}

\textsuperscript{51} One commentator has written a detailed analysis of the language of section 10(3) (including language common to sections 10(2) and 10(3)). \textit{See} MARTINO, supra note 15. I recommend his text to readers desiring more discussion. \textit{See id.} at 88-120.

\textsuperscript{52} Somewhat similar phraseology existed in the 1938 Act. \textit{See} MARTINO, supra note 15, at 91. This phrase is common to sections 10(2) and 10(3).

\textsuperscript{53} 1994 Act, subsections 10(2)(a), 10(2)(b). Subsection (a) only applies to similar \textit{goods}, but applies when the infringer uses the \textit{identical mark}.

\textsuperscript{54} The portion of the Lanham Act (i.e., the United States federal trademark statute) relating to infringement (Lanham Act, § 32, 15 U.S.C. § 1114) requires a showing of confusion, regardless of the similarity or lack thereof between the goods of the parties. Section 43(c), which protects marks against dilution, also does not require that the offending goods be either similar or dissimilar. 15 U.S.C. § 1125(c). However, the courts have developed specialized multifactor tests for confusion to be used when the goods of the two parties are non-Competing. \textit{See}, e.g., Polaroid Corp. v. Polarad Elect. Corp., 287 F.2d 492, 495 (2d Cir. 1961). On the other hand, the Second Circuit has adopted the multifactor test even in cases of competing goods. \textit{See} Thompson Med. Co., Inc. v. Pfizer, Inc., 753 F.2d 208, 214 (2d Cir. 1985); \textit{see} Libman Co. v. Vining Ind., Inc., 69 F.3d 1360, 1364-65 (7th Cir. 1995) (multifactor test).

\textsuperscript{55} In \textit{Baywatch}, at 30-31, the court required a likelihood of confusion in a non-similar goods case. \textit{Cf} Oasis Stores Ltd. [1998] R.P.C. 631, 641-52 (Trade Marks Registry) (apparently rejecting the \textit{Baywatch} approach, yet still rejecting opposition by makers of EVEREADY batteries to the registration of EVEREADY for condoms). One might ask where cases of non-similar goods causing confusion would fall. Presumably, the strictures of section 10(3) would apply in those cases. However, section 10(3) requires that the offending use either take "unfair advantage of" the mark or be "detrimental to [its] distinctive character or repute." Conceivably, a confusingly similar mark on disparate goods would not take unfair advantage of the registered mark. But, in most cases, one would expect courts to find a violation of section 10(3) in that circumstance. In \textit{Canon Kabushiki Kaisha v. Metro-Goldwyn-
American trademark law has developed refinements of the confusion doctrine that extend its reach even into dissimilar goods cases. For example, several cases have granted relief on a theory of "confusion of sponsorship," where, although consumers understand that the offending goods do not originate with the trademark owner, they may believe that the trademark owner licensed or otherwise approved of the offending use. The goods in these American cases tend to be completely dissimilar to those on which the trademark owner places the mark. Thus, section 10(2) apparently would not cover such situations. If they are to be found infringing, it must be done under section 10(3), the "dilution" section, or under a common law passing off theory.

Whether British law prior to the 1994 Act recognized "confusion of sponsorship" (or some analogous theory) to the same extent as American law is, at the very least, a murky issue. One might, for example, read the Taittinger case above as supporting such a theory, although it purported to follow a more dilution-like approach. However, Harrods Ltd. v. Harrobian School Ltd., a more recent case involving common law passing off, raises serious doubts as to the use of sponsorship confusion. In that case, discussed briefly earlier, Lord Justice Millett stated:

> It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant's goods or services. A belief that the plaintiff has sponsored or given financial support to the defendant will not ordinarily give the public that impression.

This seems to be a complete rejection of the American concept of

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58. *Id.* at 713. The concurring judge, Beldham, L.J., appeared to agree with these sentiments. *See id.* at 731.
sponsorship confusion. If the Harrods majority correctly stated the law, then the new statute, which seems not to include confusion of sponsorship (because the goods would not be similar) does not radically alter the law as it existed. The issue of similarity will be discussed later. For now, let us focus on other language that brings us to the central issue: Can there be trademark infringement without confusion?

Section 10(2) contains other, murkier language that has stirred up quite a bit of debate about the possible use of section 10(2) in non-confusion situations. The section first requires "likelihood of confusion," which is not a new concept. The language that follows is the new addition. It defines confusion as "includ[ing] the likelihood of association with the trade mark." This language has been the subject of a good deal of commentary, as well as judicial opinion. The question is whether this language extends the protection in similar goods cases to situations outside of what one ordinarily calls "confusion," namely, where the offending use "calls to mind" the registered use. Such "calling to mind" would, in effect, incorporate dilution into this section of the statute. The argument in favor of the expansive reading centers on the trademark law of the Benelux countries. The language in section 10(2), which is taken from the Directive, is derived from Benelux trademark law. Benelux law uses this language broadly to prohibit unauthorized uses that "call to

59. The dissent, however, appeared to accept some form of confusion of sponsorship: "[S]ome assumed [by the public] commercial, or even philanthropic, connection linking the plaintiffs to [defendant's] school appears to me to be quite sufficient [to show confusion]." Id. at 721. The dissent cites an old case, Ewing v. Buttercup Margarine Co., opining that confusion is shown if "people... conclude that the defendants are really connected with the plaintiffs... or in some way mixed up with them." [1917] 34 R.P.C. 232, 237.

60. See infra notes 151-64 and accompanying text.

61. 1994 Act § 10(2). Obviously, such language could be deemed to include confusion of sponsorship. However, the requirement of section 10(2) that the goods be similar would seriously limit the use of that doctrine.

62. See, e.g., Sanders, supra note 49, at 70 ("It must therefore be that by inclusion of association an elaboration on the confusion criterion is envisaged. This leads to the position that section 10(2) incorporates both the source and the dilution doctrine... "); see also Paul Harris, UK Trade Mark Law: Are You Confused? [1995] 12 E.I.P.R. 601, 601; Peter Prescott, Has the Benelux Trade Mark Law Been Written into the Directive? [1997] 3 E.I.P.R. 99, 99-100; Mark Elmslie, The New UK Trade Marks Bill [1994] 3 E.I.P.R. 119, 121-22.

63. Belgium, Netherlands, and Luxembourg.

64. See Elmslie, supra note 62, at 121.
mind" the registered mark, even when there is no confusion.\textsuperscript{65}

However, the argument for an expansive reading has not fared well in the courts. First was the decision in \textit{Wagamama Ltd. v. City Centre Restaurants PLC.}\textsuperscript{66} The case pitted a Japanese restaurant called "Wagamama" against an Indian restaurant named "Rajamama." Plaintiff claimed entitlement to relief under two theories, both based on section 10(2).\textsuperscript{67} First, it claimed what the court called "classic" confusion, or confusion of source. And the court eventually decided that a classic case of confusion—or passing off—\textit{had} been made out.\textsuperscript{68} Before that, however, the court engaged in a lengthy discussion of the argument for expansive interpretation of the section under the "calling to mind" rationale.\textsuperscript{69}

The short of it is, the court rejected the expansive interpretation of section 10(2). The court first determined that, on its face, the statute should not be construed expansively. Because the language originated in the Directive, not Parliament, the court rejected the argument that the added phrase must have been intended to expand the "classical" scope of confusion, i.e., source confusion.\textsuperscript{70} The court then considered, and rejected, the argument that the Directive \textit{intended} to incorporate the Benelux interpretation of the phrase "likelihood of association."\textsuperscript{71} Although Benelux case law did elicit the expansive interpretation, the court was not persuaded that the remaining E.C. membership accepted the Benelux interpretation as

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{65} \textit{Id.; see also} Harris, \textit{supra} note 62, at 601.
\item \textsuperscript{66} \textit{[1995]} F.S.R. 713 (Ch. 1995).
\item \textsuperscript{67} The services of the two parties—restaurants—obviously were considered "similar" within the meaning of section 10(2). \textit{Cf.} Baywatch Prod. Co. (finding pornographic television show "Babewatch" not similar goods to "action" television show Baywatch—registration classification for Baywatch did not cover television programs).
\item \textsuperscript{68} \textit{See} \textit{Wagamama} \textit{[1995]} F.S.R. at 737.
\item \textsuperscript{69} Because of the result, the discussion may fairly be called dicta. But the widespread commentary it engendered suggests that it was very important dicta.
\item \textsuperscript{70} Judge Laddie stated that although one might normally assume that Parliament did not add phrases (such as "likelihood of association") without a specific purpose, that same assumption should not apply to an enactment whose language is lifted from another source. \textit{See} \textit{Wagamama} at 730. Indeed, the court opined that the expansive interpretation would make the confusing language superfluous, since it would be subsumed in the dilution oriented interpretation. \textit{See} \textit{id.} at 730-31.
\item \textsuperscript{71} In support, plaintiff submitted purported minutes of the European Council. The court rejected this proffer, casting some doubt on its authenticity, and noting that such minutes are confidential and cannot be relied on to interpret the Directive. \textit{See} \textit{id.} at 726.
\end{itemize}
\end{footnotesize}
the authoritative statement of their position. Finally, as a matter of statutory construction from policy principles, the court reasoned that the "essential function" of a mark is fulfilled by protecting it from source confusion. Anything more might inhibit free trade by granting broader control to the mark owner to enjoin another's trade. This, the court thought, was antithetical to the free trade principles of the European Community. As such, it should not be promoted unless clearly intended.

The Wagamama opinion was the subject of much commentary, a good deal of it critical. However, it proved to be more prescient than its critics. Under the Treaty of Rome, the European Court of Justice ("ECJ") guides national courts by interpreting the law of the European Union, including its Directives. And subsequent to the Wagamama decision, the ECJ spoke to this issue, in Sabel BV v. Puma AG. Sabel was an interpretation of a German statute implementing the Directive. It is identically worded (at least in its English version) to section 10(2) of the 1994 Act. Several governments, including the U.K., intervened on one or another side of the case. The U.K. argued in favor of the Wagamama interpretation. Others argued for a broad interpretation, similar to the argument rejected in Wagamama. Ultimately, the ECJ rejected a broad reading of this provision of the Directive. The ECJ noted that, in particular, the Benelux interpretation of the same wording in their statutes differed significantly from the Wagamama interpretation, by permitting infringement under the confusion of "association" language when one mark "calls to mind" another mark. The ECJ's judgment concluded that "association" does not include "calling to mind," and the Directive requires some likelihood of confusion. The

72. See id. at 731.
76. Id. Sabel is actually a case about registration, so the more pertinent section of the 1994 Act would be section 5. However, sections 5(2) and 10(2) are, in relevant part, identically worded.
77. See supra note 63.
78. Sabel, ¶ 15.
79. Id. ¶ 56. On the other hand, the ECJ did indicate that the concept of confusion itself might be broadly interpreted. It said that the concept "must . . . be appreciated globally, taking into account all factors relevant to the circumstances of
Advocate General's opinion in the case further noted that the Benelux interpretation appeared to be unique among E.U. members prior to the Directive, and concluded (as did the judge in Wagamama) that the broader interpretation would hamper free trade—a concept antithetical to the E.U.'s general operation. However, these statements were not included in the ECJ's judgment.

Even the Sabel opinion has not ended the argument over whether the confusion section allows protection equal to or very close to dilution. Another case recently decided by the ECJ espoused a further argument seeking to import the "calling to mind" concept into the confusion section of the Directive. In Marca Mode CV v. Adidas AG, Adidas, which has a trademark "consisting of a logo composed of three stripes," challenged, in a Netherlands court, Marca Mode's right to sell clothing emblazoned with two or three parallel stripes. After a lower court issued an injunction, the case reached the Netherlands Hoge Raad, or Supreme Court, which upheld Adidas' claim, finding that where a mark "has a particularly distinctive character" either intrinsically or by acquired reputation, it is sufficient that there be a "risk of association" when the possibility of confusion
cannot be excluded.\textsuperscript{85} The case was referred to the ECJ to determine whether this was consistent with Article 5(1)(b) of the Directive (from which section 10(2) of the U.K. Act is derived). Before the ECJ ruled, its Advocate General’s opinion firmly rejected the Netherlands court’s interpretation. The Advocate General regarded the \textit{Sabel} and \textit{Canon} cases as foreclosing such an interpretation of the Directive.\textsuperscript{86} The opinion stressed that \textit{Sabel} (and later \textit{Canon}) had rejected the notion that “likelihood of association” alone, without confusion, could support infringement in similar goods cases.\textsuperscript{87} Moreover, the opinion cited certain policy reasons for rejecting the Hoge Raad’s approach. First, it cited possible interference with the free trade principle of the E.C. Treaty.\textsuperscript{88} Second, it posited that “the essential function” of trademark law is to protect the consumer’s ability to distinguish the origin of goods.\textsuperscript{89} The proposed approach, it said, “would confer more extensive protection on trade-mark owners than the Court had considered it appropriate to allow pursuant to the derogation from the principle of the free movement of goods.”\textsuperscript{90}

If the ECJ accepted this broad principle,\textsuperscript{91} it would have been a very interesting statement. Trademark dilution is grounded in the protection of trademark owners, not consumers—and certainly not protection from deception. If the central principle of trademark law is consumer protection, that might portend a narrower reading even of the dilution sections of the Directive.

Moreover, the Advocate General’s opinion noted that while distinctiveness and reputation are relevant factors in determining the likelihood of confusion, they do not allow one to dispense with an affirmative showing that confusion is likely, in favor of a presumption of confusion from “risk of association” with a very distinctive mark.\textsuperscript{92} And the opinion specifically cautioned that a broader reading would

\begin{itemize}
  \item \textsuperscript{85} Id. \textsuperscript{17}.
  \item \textsuperscript{86} See id. \textsuperscript{27} (citing \textit{Sabel}, 1 C.M.L.R. at 451-52 and \textit{Canon}, 1997 E.C.R. at I-6197).
  \item \textsuperscript{87} The opinion pointedly noted that the \textit{Canon} case had been decided before the instant case was referred to the ECJ. Id. \textsuperscript{32-33}. Apparently, the Advocate General felt that the Hoge Raad gave insufficient attention to that precedent.
  \item \textsuperscript{88} See \textit{Marca Mode} \textsuperscript{33}.
  \item \textsuperscript{89} Id. \textsuperscript{34}.
  \item \textsuperscript{90} Id.
  \item \textsuperscript{91} See id. As one commentator has pointed out, the ECJ has not always followed the reasoning of the Advocate General in recent trademark cases, even if it agrees with the general result. See Tessensohn, \textit{supra} note 79, at 253.
  \item \textsuperscript{92} See \textit{Marca Mode} \textsuperscript{41-44}.
\end{itemize}
import dilution into the confusion section, which "would run counter
to the scheme of the Directive."\textsuperscript{93} 

Finally, Adidas argued that Article 5(2) of the Directive—the
dilution section, applicable only to non-similar goods\textsuperscript{94}—should apply
even when the goods are similar.\textsuperscript{95} The Advocate General rejected
this argument on the grounds that it was not properly presented.\textsuperscript{96} It
is worth noting, however, that the U.K.'s submission apparently
argued against such a use of Article 5(2).\textsuperscript{97} 

A few months later, the ECJ also sided with Marca Mode, and
against the Netherlands court.\textsuperscript{98} The ECJ first noted that the relevant
portion of the Directive, Article 5(1)(b), was substantially identical to
Article 4(1)(b), which had been interpreted in the \textit{Sabel} case.\textsuperscript{99} Thus,
it viewed \textit{Sabel} as controlling.\textsuperscript{100} The ECJ initially characterized the
decision of the Hoge Raad as allowing a presumption of likelihood of
confusion where a mark is highly distinctive (especially by
"reputation") "and where the sign used by the third party" on the
same or similar goods is so similar to the distinctive mark "as to give
rise to the possibility of its being associated with that mark."\textsuperscript{101} The
ECJ restated Adidas' argument as saying that, regarding "well-known
marks," "the likelihood of association means that a \textit{likelihood}
of confusion is assumed."\textsuperscript{102} However, the distinction between
"possibility" and "likelihood" of association is not clearly made out.

In any event, the ECJ clearly rejected Adidas' argument, and
reiterated that, even with regard to very distinctive marks, "likelihood
of confusion cannot be presumed."\textsuperscript{103} Although the court agreed that
more distinctive marks may be given greater protection than less
distinctive marks,\textsuperscript{104} that is still only one factor in the case-by-case
determination of likelihood of confusion. The ECJ reiterated its test

\textsuperscript{93} Id. \S 44.
\textsuperscript{94} This is the provision on which section 10(3) of the 1994 Act is based.
\textsuperscript{95} See Marca Mode \S 45 (citing Directive 89/104/EEC, 1989 O.J. (L 40) 1).
\textsuperscript{96} See id. \S 46. The opinion notes that the Netherlands court did not request a
ruling on this issue.
\textsuperscript{97} See id.
\textsuperscript{98} See id. \S 26.
\textsuperscript{99} See Directive. Article 4(1)(b) lists grounds for refusing to register a mark.
Article 5(1)(b) lists grounds on which an infringement suit may be founded.
\textsuperscript{100} See Marca Mode \S\S 27, 28.
\textsuperscript{101} Id. \S 29 (emphasis added).
\textsuperscript{102} Id. \S 32 (emphasis added).
\textsuperscript{103} Id. \S 33.
\textsuperscript{104} See id. \S 41.
from Sabel that the analysis should take into account all relevant factors. It refused to accept the notion that distinctiveness of a mark could permit a presumption of likelihood of confusion "simply because of the existence of a likelihood of association in the strict sense." Thus, the ECJ again firmly rejected an attempt to circumvent the "likelihood of confusion" requirement in the Directive and substitute a form of protection that does not require confusion, at least where the goods in question are "similar."

On the other hand, the Marca Mode judgment does not reject the concept of dilution outright. In what may be termed dicta, the ECJ also stated that Article 5(2) of the Directive, dealing with dissimilar goods (implemented in the U.K. statute as section 10(3)), "establishes ... a form of protection whose implementation does not require the existence of a likelihood of confusion." Indeed, despite the ECJ's apparent resolve to prevent the likelihood of confusion standard from becoming a dilution standard, it is not disposed to reading dilution (that is, infringement without confusion) out of the Directive altogether.

Two things are evident from Marca Mode, Sabel and Canon. First, litigants and courts in some European countries are continuing to urge a reading of the Directive that imports dilution into all aspects of infringement, not just the circumstances described in section 10(3) of the U.K. Trade Marks Act. Second, the British government has consistently urged the ECJ to reject these broad interpretations of the Directive. The Marca Mode case may provide an interesting sequel to Sabel in determining how far dilution can enter into the general infringement discussion under the Directive. However, under the currently used principles of the ECJ's recent opinions, section 10(2) would not be the source of what we have called dilution protection.

This still leaves section 10(3), which appears explicitly to allow a

105. See id. ¶ 40.
106. Id. ¶ 41. Perhaps the added phrase "in the strict sense" was meant to convey the "possibility" of association. However, that is not clear from the judgment. It should also be noted that the ECJ's judgment does not contain the broad language regarding the policy of free competition found in the Advocate General's opinion in the case.
107. Id. ¶ 36. The ECJ stated that, under the facts of Marca Mode, it was unnecessary to interpret Article 5(2). Id. ¶ 24
108. As discussed below in Canon, the ECJ stated that the greater the distinctiveness of the mark, the broader its protection against confusion. See id. ¶ 18. A lengthy analysis of the arguments discussed by the ECJ in Sabel is found in Tessensohn, supra note 79, at 251-59, 264-68.
suit for infringement without any showing of confusion. The passage
of the new trademark statute in 1994 raised expectations that dilution
would become a part of British law.109 Section 10(3) was the key
section supporting these expectations. It provides as follows:

(3) A person infringes a registered trade mark if he uses in the
course of trade a sign which

(a) is identical with or similar to the trade mark, and

(b) is used in relation to goods or services which are not similar to
those for which the trade mark is registered,

where the trade mark has a reputation in the United Kingdom and
the use of the sign, being without due cause, takes unfair advantage
of, or is detrimental to, the distinctive character or the repute of the
trade mark.

The language speaks of activity "detrimental to . . . the distinctive
colorature of a mark or of taking "unfair advantage" of the mark. It
does not say anything about confusion. Moreover, the two preceding
sections—10(1) and 10(2)—specifically require confusion for
infringement, within their scope. This strengthens the assumption
that section 10(3) was intended to bring dilution into British law.110
However, that proposition has not been as easily accepted as the
statutory language might suggest.

The first major decision under section 10(3) was Baywatch
Production Co. Inc. v. The Home Video Channel.111 The Baywatch
case demonstrated the difficulties of imposing a statutory paradigm
change in an area of law that had evolved over a century. The
producers of the television show "Baywatch" (who also owned the
trademark BAYWATCH) sued the producer of a "sexually explicit"
cable television program called "Babewatch."112 Although the

109. See, e.g., MARTINO, supra note 15, at 86, 89-90 & n. 29; RUTH E. AMAND &
HELEN E. NORMAN, BLACKSTONE'S GUIDE TO THE TRADE MARKS ACT OF 1994, at 15
(Blackstone Press Ltd. 1994) (stating that sections 5(3) and 10(3) of the new Trade
Marks Act incorporate dilution); Sanders, supra note 49, at 69, 70 (1995) (Section
10(3) of the new act "falls within the dilution doctrine.").
110. Section 10(3) is limited in one interesting respect. It applies only to situations
where the second user's goods are not similar to those of the trademark registrant.
Sections 10(1) and 10(2), which require confusion, only apply where the infringing
goods are the same as or similar to the registrant's goods. As will be seen, this
disjunctive way of drafting the statute has proven significant.
112. See id. at 25-26.
complaint alleged violations of both sections 10(2) and 10(3), the
court noted that "counsel for the plaintiff . . . principally relies on the
claim for trade mark infringement under section 10(3)." The court
rejected the claim under section 10(2) for two reasons. First, section
10(2) requires that the goods of the two parties be the same or
"similar," and the court did not believe that such similarity existed
here. Second, because the issue had been raised, the court
addressed likelihood of confusion and stated that "for the purposes of
this motion [for a preliminary injunction, plaintiff] cannot point to
any actual evidence of confusion." Nor, apparently, could plaintiff
show any likelihood of confusion. Thus, the court found no serious
issue to be tried under section 10(2).

Turning to section 10(3), the court, rather surprisingly, rejected
the plaintiff's assertion that likelihood of confusion is not a
requirement under that section. The court gave two reasons for
requiring a showing of confusion. First, sections 10(2) and 10(3) are
disjunctive, in the sense that section 10(2) only applies where the
goods are the same or similar, while section 10(3) only applies where
the offending goods "are not similar to those for which the trade
mark is registered." The court believed that giving greater
protection where the goods are not similar than where they are
similar was simply illogical. Second, the court cited an earlier
decision by another judge to the effect that there can be no use
"detrimental to . . . the distinctive character . . . of the trade mark,"

113. Id. at 27.
114. See id. at 28. This seems somewhat curious, particularly in light of the court's
emphatic separation of the question of similarity of goods from that of confusion. See id.
The court stated that television shows with "adult content" were not similar to the
type of show represented by Baywatch. Id. While the two probably are not
competing shows, it is far from clear that "similarity" was intended to mean
competitive. A more technical explanation is that the mark BAYWATCH was not
registered for television programs, although it was registered for "video tapes and
video discs." Id. at 25. Section 10(2) applies where the second use is "in relation to
goods or services similar to those for which the trade mark is registered." Trade
Marks Act, 1994, § 10(2) (emphasis added). The court did not view video tapes as
115. Id. at 26.
116. See id. at 29-30. The court cited the Wagamama case for the proposition that
"calling to mind" is insufficient to make out a claim under section 10(2). Id. at 28.
The Baywatch opinion came before the ECJ decision in the Sabel case.
117. See id. at 30.
118. Id.; Trade Marks Act, 1994, § 10(3)(b).
nor damage to its reputation, without confusion. Having already determined that no likelihood of confusion existed, the court refused to issue an injunction.

Interestingly, in the *Sabel* case from the ECJ, the British government appears to have made an argument that implicitly rejects the *Baywatch* decision. In the Advocate General's opinion in *Sabel*, an argument similar to that made in *Baywatch*, regarding the "similar" vs. "dissimilar" goods dichotomy, was discussed. However, the Advocate General responded in part as follows:

> As the United Kingdom points out, the reason why Article 4(4)(a) [the EC Directive's dilution provision for registration] applies only where the goods are dissimilar is no doubt that, where the goods are similar to goods covered by a mark with a reputation, it is difficult to imagine a situation in which there will be no likelihood of confusion.

Moreover, the ECJ's judgment in *Sabel* states (albeit in dicta) that the portions of the Directive from which section 10(3) was derived "do not require proof of likelihood of confusion, even where there is no similarity between the goods in question." As noted above, a similar statement was made by the ECJ in the *Marca Mode* case; one could conclude that the ECJ would not concur in the *Baywatch* court's interpretation of section 10(3).

In addition to critical commentary, there have also been some

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120. *Id.* at 31 (citing BASF PLC v. CEP (UK) PLC. (unreported 1995) (Knox, J.)).
121. *See id.*
122. *Sabel* ¶ 49 (opinion of Advocate General Jacobs).
123. *See id.* (emphasis added). Article 4 of the Directive deals with registration; Article 5 deals with infringement. However, as noted earlier, the pertinent language in the two Articles is the same.
125. *Id.; see also supra* text accompanying note 107 (citing *Marca Mode* ¶ 36). The *Sabel* court's discussion of this matter was referred to as "passing dictum" in *Marks & Spencer PLC v. One in a Million Ltd.* [1998] F.S.R. 265, 273 (Ch. 1997); *see also* Audi-Med Trade Mark [1998] R.P.D. & T.M. 863, 869-70 (Trade Marks Registry 1998). It may also be relevant that section 10(3), unlike section 10(2) is a non-mandatory provision of the Directive. Whether British courts would adhere to an ECJ interpretation of such a provision is not clear.
departures from Baywatch's conclusion in other reported applications of the U.K. statute. One such situation was Audi-Med Trade Mark, an opposition proceeding to a trademark registration. A maker of hearing aids and associated products sought to register the mark AUDI-MED. It was opposed by the German car maker Audi. The main point of contention was the application of section 5(3) of the Trade Marks Act, which is the counterpart of section 10(3) in the registration context. Though the Examiner noted the precedent of Baywatch, he also cited the Sabel dictum recited above, and a discussion contained in Marks and Spencer, PLC v. One in a Million, where the court indicated that Baywatch and Sabel had left the law under section 10(3) unsettled on the issue of dilution and confusion. The Examiner then stated his own view, based on his understanding of the Directive, that section 5(3) allowed opposition to a registration on the grounds of dilution without regard to confusion. However, this did not end the analysis. Although Audi (the car maker) argued that registration of AUDI-MED would cause dilution, this was rejected. The Examiner carefully considered whether the AUDI-MED mark would be detrimental to Audi or took unfair advantage of it. After considering the relatively narrow and disparate markets each occupied, and the different outlets of sale, the Examiner concluded that there was little likelihood of AUDI-MED diluting the distinctiveness of Audi's well-known mark. Further, he found no basis to believe that AUDI-MED took "unfair advantage" of the Audi mark. Thus, the opposition was dismissed. Although the Examiner did not require likelihood of confusion, his careful analysis of the statutory language certainly cabins its application. The mere fact that one mark may "call to mind" another was not sufficient to show that it was either detrimental to the other mark or taking unfair advantage of it.

128. Section 5(3) is worded the same as section 10(3) in its material part. Section 10 gives the proper standard in a lawsuit for infringement; section 5 governs registrability. The operative language of section 5 is the same as that of section 10.
132. See id. The same Examiner reached the same conclusion in a more difficult
provide another basis for limiting dilution protection. Although a mass marketed item, such as a Rolls Royce candy bar or detergent could eventually "whittle away" the distinctiveness of the Rolls Royce mark, where the offending item has a relatively limited market, the likelihood of a loss of distinctiveness of the famous mark is small.

C. Statutory Loose Ends: Potential vs. Reality

Obviously, trademark dilution law is at an early stage of development in the U.K. The few decided cases have left large unanswered questions in the statutory scheme. Nevertheless, some useful comparisons with U.S. law can be made. First, as in the early development of U.S. dilution law, there is an evident reluctance to abandon the regime of confusion as the centerpiece of trademark infringement. The *Baywatch* case in Britain has its counterparts in U.S. law. In part, this may stem from the shift in the protective theory away from consumer protection and toward property protection.

One important question in Britain is what kind of use of a well-known mark will bring it within the ambit of section 10(3). That is, does the offending use have to be as a trademark—i.e., in a manner that distinguishes the goods and services of the user of the mark from those of others? At least under some state laws in the United States, the offending use does not have to be as a trademark in order to violate the dilution statute. Whether "uses in the course of trade" means a trademark use is required is not clear from the face of the statute, but it has been held that no such trademark use is required.
Another open question is what constitutes a use "without just cause?" We have seen in the Audi-Med case that the trademark Examiner believed that a limited market trademark in a completely distinct market did not necessarily violate the law. In this way, it may circumscribe the elusive "blurring" analysis that bedevils U.S. dilution law. But what of a parody? Two U.S. examples come to mind here. The first is Mutual of Omaha v. Novak, where a court enjoined the sale of various items containing a "Mutant of Omaha" parody of plaintiff's mark that was a commentary on nuclear power. Although the decision rested on confusion, not dilution, one might question whether this sort of use takes unfair advantage of the plaintiff's mark. A second example is L.L. Bean, Inc. v. Drake Publishers, Inc., where a federal appeals court overturned an injunction issued under a dilution theory against a sexually oriented parody of the L.L. Bean catalog. Here, the court cited free speech principles, which do not have the same status in Britain as in the United States. Perhaps under U.K law pure social commentary using a trademark might not take unfair advantage of a well-known mark. However, in the U.S. cases cited above, there was a mixture of social commentary and commercial venture. This might move the cases into the realm of what is deemed unfair under British law.

Further, the issue of what constitutes "ha[ving] a reputation in


137. This might be defined in connection with the rest of the section, which requires that the offending use either take "unfair advantage of" the mark or be "detrimental to [its] distinctive character or repute."

138. See Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 217 (2d Cir. 1999) ("It is not yet entirely clear how courts should determine whether a junior use causes a senior mark to suffer damage.").

139. 775 F.2d 247 (8th Cir. 1985).

140. 811 F.2d 26 (1st Cir.).

141. See id. at 29-33.

142. However, the lack of formal constitutional restraints does not mean that free speech concepts would be irrelevant in Great Britain. See, e.g., Michael Spence, Intellectual Property and the Problem of Parody, 114 L.Q. Rev. 594, 608 (1998). Spence also notes that section 10(3) of the British statute might be construed to apply to parodies. See id. at 600.

the United Kingdom" has yet to be considered. Clearly, marks that are truly famous throughout the country should be included. But how much less will be protectable? This is an important issue. If the *Baywatch* decision does not stand up, then marks that are within section 10(3) will be able to claim broad protection from other potential users. In a 1999 case decided by the ECJ,\(^1\) the British government argued that the issue of reputation was intertwined with the issue of "use without due cause" and "taking unfair advantage of the distinctive character or the repute" of the mark.\(^2\) However, it further asserted that, unless the mark has a reputation throughout the country, "proof of actual damage could not be adduced."\(^3\) The ECJ gave a broader reading to the Directive's reach, deciding that the mark must "be known by a significant part of the public concerned in a substantial part of [a country]."\(^4\) But it did not make a particularly clear distinction between the terms "fame" and "reputation."\(^5\) Further litigation in Britain (and, perhaps, the ECJ) will be required to flesh out the meaning of this term.

Yet another potential issue in dilution law is comparative advertising.\(^6\) In the United States, the FTDA specifically exempts

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145. Id. ¶ 18. The government also asserted that such protection should be "granted only where clear evidence of actual harm is adduced." Id.
146. Id.
147. Id. ¶ 31. It is noteworthy that the ECJ focused on the mark's reputation among those familiar with the first user's goods. See id. ¶¶ 24, 26. This means that potential customers of the second user (whose goods, by definition, are not similar to those of the first user) are not necessarily required to know of the first user's mark. This broadens the potential reach of Article 5(2) of the Directive, and section 10(3) of the 1994 Act.
148. See id. ¶ 13 (holding that General Motors' claim that "reputation" is not as stringent as "well known" under Article 6 of the Paris Convention); id. ¶ 26 ("The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned . . . ."). However, by noting General Motors' claim that "reputation" is not the same as "well known" under the Paris Convention, and then considering that its response (in paragraph 26 of the opinion) did not dispute that assertion, it may be inferred that the ECJ also rejected a link between the Paris Convention and the Directive. On the other hand, the ECJ did state (in dictum) that the stronger the mark's reputation, "the easier it will be to accept that detriment has been caused to it." Id. ¶ 30.
truthful comparative advertising from the dilution law.\textsuperscript{150} In Britain, section 10(6) of the 1994 Act—which was not derived from the Directive—specifically addresses comparative advertising. It reads:

(6) Nothing in the preceding provisions of this section shall be construed as preventing the use of a registered trade mark by any person for the purpose of identifying goods or services as those of the proprietor or a licensee.

But any such use otherwise than in accordance with honest practices in industrial or commercial matters shall be treated as infringing the registered trade mark if the use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.\textsuperscript{151}

The first sentence appears to provide a general exception for comparative advertising, even of the sort seen in the \textit{Deere} case. (In \textit{Deere}, the competitor used Deere's mark to refer to Deere, not to the competitor.) However, the second sentence arguably removes much of the protection of the first sentence. Essentially, it apparently eliminates the right to use a mark in comparative advertising if (1) it is a use contrary to "honest practices in industrial or commercial matters," and (2) the use takes "unfair advantage of" or is "detrimental to the distinctive character or repute of the trade mark." This last part of the second sentence is identical in language to section 10(3). But the first part of the sentence is an additional requirement. Thus, a "dishonest" use that is also diluting within the meaning of section 10(3) would subject the user to an infringement suit.\textsuperscript{152} This makes "honest practices" the gatekeeper between diluting uses that are and are not infringing. Apparently the drafters believed that not all potentially diluting uses in comparative advertising were "dishonest" and subject to an infringement suit. But that phrase is obviously beyond the scope of this Article. For further analysis, see Roslyn S. Harrison, \textit{The Proposed European Directive on Comparative Advertising}, \textit{TRADEMARK WORLD}, Sept. 1997 at 18; Sonya M. Willimsky, \textit{Comparative Advertising: An Overview}[1996] 18 E.I.P.R. 649.


151. Directive, \textit{supra} note 6, art. 10(4). The Trade Marks Act is not the only source of regulation of comparative advertising in Britain. \textit{See}, e.g., Willimsky, supra note 149, at 650-51 (citing the Control of Misleading Advertisements Regulations 1988, the Broadcasting Act 1990, the Trade Descriptions Act 1968, the Consumer Protection Act 1987, as well as common law tort actions).

fraught with subjectivity. Take the *Deere* case as an example. If one accepts the post-hoc logic of the Second Circuit that *Deere* was in reality a case of trademark "tarnishment,"153 then the competitor's use could be deemed a use "detrimental to" the distinctive character of the mark. We then must determine whether such a use would violate "honest practices." Perhaps all that is protected by the notion of "honest practices" is a bland, straightforward use of the mark by a competitor, not the humorous, animated (but not especially nasty) alteration of the mark used in *Deere*. On the other hand, there was no indication in *Deere* of any misrepresentation, nor any association of the mark with particularly unsavory messages."154 The scope of this exception remains to be seen.155 If *Baywatch* is followed, it may require a showing of likelihood of confusion, or at least some kind of deception, to make a comparative advertising use of a mark into an infringing use.

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154. The animated mark in *Deere* was depicted as scampering away in the face of competition. *See* Deere, 41 F.3d at 41.
155. Two cases decided under the Trade Marks Act indicate that British courts may have little inclination to use section 10(6) to restrict comparative advertising. *See* Vodafone Group, PLC v. Orange Personal Communications Serv., Ltd., F.S.R. 34 (1996) (dismissing a challenge to a cellular telephone ad that said its customers "on average... save £20 a month"); Barclays Bank, R.P.D. & T.M. at 307 (denying a preliminary injunction against an ad comparing the terms of several credit card issuers). The difficulty of interpreting section 10(6) was noted in Tamara Quinn, *Comparative Advertising, Barclays Bank v. RBS Advanta* [1996] 6 E.I.P.R. 368. It may become a moot point with the EC Directive on comparative advertising. *See* Advertising Directive, *supra* note 149. Article 3(a) of this Directive contains two sections relevant to the dilution discussion. Section 1(e) of Article 3(a) requires that comparative advertising "not discredit or denigrate the trade marks, trade names, other distinguishing marks, goods, services, activities, or circumstances of a competitor." Section 1(g) requires that comparative advertising "not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products." (A separate subsection, 1(d), prohibits confusing uses of trademarks in comparative advertising.) Section 1(e) seems aimed at tarnishment, and might impose liability under the circumstances of the *Deere* case cited above. Section 1(g) has an even broader potential, since it tracks the dilution language of the Trademarks Directive. Thus, it would not necessarily be a defense to a dilution action that the use was in comparative advertising. Obviously, not all comparative uses could be considered taking "unfair advantage," else the Advertising Directive would have little value. But it does suggest that this Directive and the Trademark Directive might be interpreted in the same manner. The Advertising Directive was to be implemented by member states within two and a half years of its official publication (which occurred October 23, 1997). Of course, in the past, member states have not heeded Directive implementation deadlines, so the real effective date is uncertain.
An issue related to comparative advertising is "collateral use." In the United States, "collateral use" refers to the use of a mark in situations such as used products, genuine but possibly unauthorized sales of goods (e.g., gray market goods or parallel imports), and the like. Case law in the United States recognizes the legitimacy of such collateral uses, as long as there is no deception or likelihood of confusion. Although not directly implicating dilution, arguments that collateral uses should be prohibited are related to dilution arguments. In essence, they make the case that the collateral uses are "free riding" on the mark's reputation, since the collateral user does not make the trademarked product. To the extent that such uses are restricted with little real evidence of confusion, they give wide ranging control—approaching that of dilution—to the trademark owner.

Recently, the ECJ considered this kind of issue in a suit between auto manufacturer BMW and the owner of a used car and repair shop that used the BMW mark to advertise its services. The Council Directive on trademarks contains specific provisions giving protection to people who are advertising repair parts or used goods. In the BMW case, the ECJ decided that the mere use of the mark to promote the sale of genuine (even if used) goods could not be prohibited. However, the court noted that use of the mark could be prohibited if the advertisement were to suggest "that the reseller's business is affiliated to the trade mark proprietor's distribution network or that there is a special relationship between the two." The court then considered defendant's advertised claims that he "specialized" in the repair of BMW cars. It accepted the U.K.'s argument that Article 6 of the Directive (permitting someone to use a mark to promote the sale of genuine goods) should be interpreted to mean that the advertisement must not mislead consumers as to the origin of the goods.

156. See, e.g., Champion Spark Plug Co. v. Sanders, 331 U.S. 125 (1947) (reconditioned spark plugs may keep "Champion" name as long as they are labeled as renewed); Smith v. Chanel, Inc., 402 F.2d 562, 563, 569 (9th Cir. 1968) (comparative advertising permitted if accurate). Much of the argument in the cases is over whether the goods on which the mark appears are "genuine." See, e.g., Monte Carlo Shirt, Inc. v. Daewoo Int'l (America) Corp., 707 F.2d 1054, 1058 (9th Cir. 1983); Matrix Essentials, Inc. v. Cosmetic Gallery, Inc., 870 F. Supp. 1237, 1251 (D.N.J. 1994), aff'd, 85 F.3d 612 (3d Cir. 1996); see also Lever Bros. Co. v. United States, 877 F.2d 101, 108-09 (D.C. Cir. 1989).

157. See Bayerische Motorenwerke AG v. Deenik, Case C-63/97, 1999 E.C.R. I-905. The same court previously ruled, in Parfums Christian Dior v. Êvora, Case C-337/95, 1997, that a reseller may use the manufacturer's mark to promote the sale of the manufacturer's goods.

158. See Deenik, 1999 E.C.R. I-905 ¶ 53.

159. Id. ¶¶ 51, 52.
mark to "indicate the intended purpose of a product or service" permitted a repair shop to use the BMW mark to indicate that the purpose of the repair service was to repair BMWs.\footnote{160. Id. ¶¶ 59, 60.}

The precise contours of collateral use in the U.K. and other parts of Europe are beyond the scope of the present discussion. But the ECJ's decision indicates that Europe is at least moving in the general direction of U.S. law in this area, and not toward acute protection of mark owners at the expense of competition.

D. Dilution in Another Form

1. The Issue of "Similar" Goods

Even if dilution protection is interpreted restrictively, mark owners may find that traditional confusion doctrine can be very protective of their rights. In part, the breadth of this protection depends on how one interprets section 10(2). As discussed earlier, section 10(2) provides the traditional trademark infringement protection against confusion, but only if the offending mark or "sign" is used on the "identical" or "similar" goods or services as those for which the mark is registered; dissimilar goods are treated under section 10(3). Thus, to some extent, the protection offered by section 10(2) depends on how one defines "similar." The more "dissimilar" the goods can be and still be within section 10(2), the more marks will be protected by that section. This may seem both anomalous and thankless, since on the surface section 10(3) provides better protection than section 10(2). However, the uncertainty and unfamiliarity of section 10(3) may make some judges uncertain about its reach. Its requirement that the mark have a "reputation" in the U.K. also will limit the number of marks subject to its protection. And its requirement of detriment to goodwill may restrict its use even further. Section 10(2), grounded in traditional trademark theory, may appear a safer and simpler choice (and is the only choice for marks lacking a "reputation"). If a litigant can persuade a court to stretch the meaning of "confusion," then it becomes a very desirable choice, indeed.

In \textit{British Sugar PLC v. James Robertson & Sons, Ltd.},\footnote{161. R.P.D. & T.M. 281 (1996).} the court considered this question of similarity. The products involved
were an ice cream dessert topping called TREAT and a toffee flavored spread, primarily to be used instead of jam or jelly. The court treated the issue of similarity as mark-independent. That is, whether the goods are similar was not a function of the nature of the mark, or its renown. Ultimately, the court decided that the goods were not similar, despite the fact that the defendant's product easily could be used as a dessert topping.

However, this analysis—in effect separating similarity from likelihood of confusion—may need to be reconsidered in light of the ECJ's decision in Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer, Inc. Canon involved an opposition by Canon (a Japanese company) to the registration of the mark "Canon" in Germany by the American company Metro-Goldwyn-Mayer ("MGM"). The basis of the opposition was likelihood of confusion, not dilution. Thus, one issue was whether the two companies used the mark on the same or "similar" goods. In the ECJ, the U.K. took the position that the issue of similarity should be completely separate from the issue of the reputation of the mark or its "distinctive character." However, the ECJ noted that, in assessing likelihood of confusion, courts are admonished to weigh a variety of interdependent factors, and that a more distinctive mark will receive broader protection. Thus, the ECJ concluded that the greater the mark's distinctiveness, the less similarity need be shown to bring it within the confusion section.

Of course, this is not to the mark owner's advantage, unless confusion is broadly defined. As to that issue, the ECJ stated its
holding this way:

There may be likelihood of confusion within the meaning of Article 4(1)(b) of the Directive even where the public perception is that the goods or services have different places of production. By contrast, there can be no such likelihood where it does not appear that the public could believe that the goods or services come from the same undertaking or, as the case may be, from economically-linked undertakings.\textsuperscript{172}

\textit{Canon} thus produces two interesting results. First, marks that are very distinctive may be protected against confusion even from uses on fairly dissimilar goods.\textsuperscript{173} Second, the definition of “confusion” includes a fairly broad range of conduct. By including confusion that the two undertakings are “economically linked,” the ECJ seems to permit a form of confusion of sponsorship which was rejected in the \textit{Harrodian} case. Thus, the indications in \textit{British Sugar} that similarity of goods and the nature of confusion are narrowly construed may prove inaccurate.\textsuperscript{174} If so, this has important implications for well-known marks. The dilution rationale—without confusion—still may seem like the easier path to proving infringement. But unless a non-confusing use takes unfair advantage of or is detrimental to the goodwill of the well-known mark, section 10(3) will not apply. On the other hand, there could be confusion without unfair advantage, especially where well-known marks are concerned. In that case, a broad confusion rationale helps the owner of the well-known mark. However, it should be remembered that, as

\textsuperscript{172} \textit{Id.} \textsuperscript{¶} 30.

\textsuperscript{173} After \textit{Sabel}, but before \textit{Canon}, the British Trade Marks Office made an interesting application of \textit{British Sugar} in \textit{Balmoral Trade Mark} [1999] R.P.C. 297 (Appointed Person 1998). The office refused to register BALMORAL for wines, on the grounds of likely confusion with the BALMORAL mark for whiskey and bar services (the latter mark is owned by the proprietor of the well-known Balmoral hotel in Edinburgh). The result is certainly consistent with \textit{Canon}. What is interesting about \textit{Balmoral} is its characterization of the test of \textit{British Sugar}: “Distinctiveness, resemblance and proximity of trading are matters of fact and degree which should be given the weight and priority they deserve as part of the overall assessment.” Though not entirely inconsistent with \textit{British Sugar}'s separation of distinctiveness from similarity, this statement does seem to look somewhat like \textit{Canon}'s analysis, where distinctiveness and similarity are intertwined.

\textsuperscript{174} Of course, the ECJ's rather general statements must be applied in specific situations by individual national courts. The results of fact specific inquiries may reflect the underlying philosophies of each nation toward trademark protection. For example, the TREAT mark at issue in \textit{British Sugar} was deemed comparatively weak. Thus, the result—narrowly viewing the scope of goods within its protective ambit—may not be inconsistent with \textit{Canon}.  

\textsuperscript{172} Id. ¶ 30.

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Sabel and Marca Mode stated, some showing of likelihood of confusion is still required in similar goods cases.

2. And Don’t Forget Passing Off

In an earlier section of this discussion, cases involving common law passing off were discussed. Although the results were somewhat contradictory, the possibility that this action could be used to create trademark protection without requiring confusion should not be overlooked. The Taittinger rationale certainly would provide such protection. There is another passing off case that is doctrinally somewhere between the Taittinger and Harrodian cases (though preceding both in time). In Lego System Aktieselskab v. Lego M. Lemelstrich, plaintiff, maker of Lego building block toys for children, sued an Israeli company which made and sold irrigation equipment using the name LEGO, alleging passing off. Although the two companies served very disparate markets, the court found in favor of plaintiff. True to the traditional analysis of passing off, the court looked to whether a substantial number of people were likely to be confused about a connection between plaintiff and defendant. However, the nature of the facts, and the language of the opinion, lean more toward the Taittinger opinion than Harrodian.

In the first place, the products at issue—children’s building blocks and irrigation systems—are very different and target completely different customers. There was no evidence that the irrigation company had any intent to cause confusion or to use the LEGO mark to attract interest in its product.

Second, the court emphasized aspects of a passing off claim that have more in common with a dilution claim (particularly one under section 10(3)) than a confusion claim. For example, the court placed great emphasis on the following excerpt from Lord Diplock’s opinion in the Advocaat case (the leading modern passing off opinion):

Spalding v. Gamage led the way to recognition by judges of other species of the same genus, as where although the plaintiff and the defendant were not competing traders in the same line of business, a false suggestion by the defendant that their businesses were

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176. There also was no evidence of any bad faith on the part of the Israeli company.
177. In that regard, the case is even more protective of trademarks than Taittinger, which involved two different types of sparkling beverages, one alcoholic and one non-alcoholic.
connected with one another would damage the reputation and thus the goodwill of the plaintiff's business.\textsuperscript{178}

And again, quoting \textit{Advocaat}, the court emphasized the concept of loss of "goodwill" in passing off cases:

This was left to be provided by Lord Parker in \textit{Spalding v. Gamage} (1915) 32 R.P.C. 273. In a speech which received the approval of the other members of this House, he identified the right the invasion of which is the subject of passing off actions as being the "property in the business or goodwill likely to be injured by the misrepresentation." The concept of goodwill is in law a broad one which is perhaps expressed in words used by Lord MacNaghten in \textit{C.I.R. v. Muller} [1901] A.C. 217, 223: "It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom.\textsuperscript{179}

Recall that section 10(3) of the U.K. Trade Marks Act—the dilution section—also emphasizes damage to the trademark owner's goodwill through the actions of an unauthorized user.

Third, the court cited several passing off cases that resemble dilution cases, including the early Kodak case, \textit{Eastman Photographic Materials Co. v. Griffiths Cycle Corp. Ltd.},\textsuperscript{180} which often has been touted as an early dilution case.\textsuperscript{181} This further supports a view of passing off that de-emphasizes confusion, or at least virtually presumes it, when the mark is very well known.\textsuperscript{182} Moreover, the type of confusion in \textit{Lego} looks more like confusion of sponsorship or approval than confusion of source.\textsuperscript{183}

\textsuperscript{178} Lego System Aktieselskab v. Lego M. Lemelstrich Ltd. [1983] 9 F.S.R. 155, 184 (Ch. 1982) (referred to as "the \textit{Advocaat} case") (calling it "an important passage").

\textsuperscript{179} Id. at 183 (quoting Erven Warnink BV v. Townend & Son (Hull) Ltd. [1980] R.P.C. 31 (H.L.)).


\textsuperscript{181} The \textit{Lego} court further stated that "in Lord Diplock's formulation [of the passing off standards] there is no limitation as to the relation of the field of activity of the defendant to that of the plaintiff." \textit{Id.} at 187. Thus, the court rejected any need for the products at issue to have any logical relationship at all.

\textsuperscript{182} There were some countervailing features in the case that should be noted. Although the two products were very disparate in their markets, both were made of colored plastic. This seems to have influenced some of plaintiff's witnesses to assume a connection between the toy maker and the irrigation equipment maker. \textit{See, e.g., id.} at 166 (testimony of Mr. Lee), 169 (testimony of Mr. Saunders). And the court spent considerable time discussing plaintiff's survey evidence, which demonstrated likely confusion. \textit{Id.} at 173-82.

\textsuperscript{183} Recall that in \textit{Harrodian}, the court emphasized the need for confusion of
Obviously, the subsequent decision in the *Harrodian* case makes it very difficult to state that the direction of passing off is toward broader protection with less emphasis on confusion. Indeed, the *Harrodian* decision and the *Baywatch* decision share an evident caution about expanding the traditional bases of protection for trademark owners. It seems that the British courts are still uncertain about how far to go in the direction of protection of goodwill without attendant confusion. However, the inclination of British courts, as evidenced by decisions such as that in *Baywatch*, counsels caution. The courts may see an attempt to use passing off for dilution as a means of circumventing the statutory balance between protection of trademark owners and the needs of competition.\(^{184}\)

**E. Summary: The Unknown Future—How Broad is My Mark?**

The newness of the statute and the absence of significant precedent makes conclusions about British dilution law problematic. But some themes are emerging.

First, British courts (as evidenced by the *Baywatch* decision and indicated by *Audi-Med* and *Oasis*) are moving very cautiously in this area. Dilution does not fit the common British trademark paradigm, and there does not seem to be a rush to grant broad protection. *Baywatch* clearly rejects the paradigm by requiring confusion. The *Audi-Med* and *Oasis* registration decisions, while not going that far, still permitted registrations by someone other than the owner of the well-known mark, and rejected highly protective interpretations of the dilution sections of the 1994 Act.

Second, the British Government's submissions to the ECJ indicate a "go slow" attitude as well. It (successfully) argued against a broad reading of the "likelihood of association" language contained in section 10(2) of the 1994 Act, and argued for a relatively restrictive reading of the "reputation" language in the dilution section. If the British courts take their cue from the Government's assessment of Parliament's work, one would not expect a rush for broad protection under section 10(3) or section 10(2).\(^{185}\)

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185. Obviously, a definitive statement from the ECJ on the subject could alter this attitude significantly.
III. Dilution in Canada: Broad Scope, Narrow Application?

A. The Statutory Basis for Dilution Protection

Statutorily, at least, Canada has a far longer history of dilution protection than Great Britain. Its 1953 Trade Marks Act (which still applies) contains a specific section protecting marks against depreciation of their goodwill, which a U.S. practitioner would recognize as dilution. Section 22 of the Trade Marks Act provides as follows:

Depreciation of goodwill

22. (1) No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.

Action in respect thereof

(2) In any action in respect of a use of a trade-mark contrary to subsection (1), the court may decline to order the recovery of damages or profits and may permit the defendant to continue to sell wares marked with the trade-mark that were in his possession or under his control at the time notice was given to him that the owner of the registered trade-mark complained of the use of the trade-mark. 186

This section of the statute does not require any showing of likelihood of confusion. It appears in many ways to be like the protection discussed above in the British Taittinger case. Despite its relative age, the statute has received nothing approaching the judicial attention that federal and state dilution laws have in the United States. 187

1. The Broad Scope and Narrow "Use" of Section 22

On its face, section 22 appears to protect marks even more broadly than section 10(3) of the 1994 Act in the U.K. The U.K. statute requires that the affected mark have "a reputation in the United Kingdom;" no such requirement exists under section 22. Section 10(3) requires use "without due cause;" again, no such

187. Perhaps this reflects a less litigious society. However, it may also reflect some of the difficulties litigants have faced when they attempt to obtain preliminary injunctive relief under this section.
requirement is evident in section 22. However, for a number of years after its enactment, section 22 received little treatment in Canada's courts.

The first lengthy judicial consideration of this section appears to be in *Clairol International Corp. v. Thomas Supply & Equip. Co., Ltd.* The essence of the complaint involved comparative advertising. Revlon, the defendant, had produced a chart containing side by side comparisons of various shades of its Revlon ColorSilk hair coloring with those of plaintiff Clairol's Miss Clairol Hair Color Bath and Nice 'N Easy hair colorings. The purpose of the chart was to show consumers which shades of Revlon's products corresponded to various shades of Clairol's products. The chart was featured in Revlon advertising brochures and on packages of Revlon's hair color products. Clairol sued Revlon, asserting various legal theories, including false advertising, trademark dilution under section 22, trademark infringement, and unfair competition. The count alleging false or misleading statements in the chart (i.e., false advertising) was rejected as unproven. Clairol then argued that section 7(e) of the Trade Marks Act, which prohibits "any... business practice contrary to honest industrial or commercial usage in Canada," applied without regard to the falsity of the statements. However, the court rejected that argument.

188. Whether taking "unfair advantage of, or [being] detrimental to, the distinctive character... of the trade mark" differs significantly from "depreciating the value of the goodwill" of the mark is difficult to say.

189. 38 Fox's Patent Cas. 176 (Exch. Ct. 1968). Some earlier cases and administrative decisions refer briefly to this section. See, e.g., Blue Chip Premium Co., Ltd. v. Alberta Distillers, Ltd., 20 Fox's Patent Cas. 55, 56 (Reg. Trade Marks 1960) (rejecting an opposition to registration based, inter alia, on section 22 of the Trade Marks Act); G.D. Searle & Co. v. Gilbert Surgical Supply Co., 19 Fox's Patent Cas. 172, 175 (Exch. Ct. 1960) (deferring consideration of the issue); cf. Insulfoam Ltd. v. Robinson Foams, Ltd., 19 Fox's Patent Cas. 47 (Reg. Trade Marks 1959) (finding no confusion between the mark INSULFOAM for plastic foam lining and clothing and the same mark for industrial insulation products; section 22 was not mentioned in the decision).

190. See id. at 182-83.

191. See id. at 183-84. I have taken the liberty of "translating," perhaps loosely, some of the plaintiff's legal claims from Canadian legal terminology to their U.S. equivalents. Technically, the claims were under sections 7(d), 7(e), 19 and 22 of the Trade Marks Act.

192. See id. at 187 (discussing section 7(d), an unfair competition count). The possible use of section 7 as a form of dilution protection is discussed below in Part III.B.2.

193. See id. at 187-88. The court also rejected a non-confusion based infringement claim under section 19, which gives a registered mark owner the "exclusive right" to
Turning to the dilution claim under section 22, the judge recognized this as a case of first impression. He also recognized that the linchpin of the section is not confusion or deception, but "depreciation of the value of the goodwill attaching to the trade mark." The judge first considered what sort of "use" of a mark would be encompassed by section 22, and found that "use" on the product packages themselves was within section 22, while "use" in the brochures was not.

As to the chart on the packages, the judge considered what constituted a depreciation of goodwill. Essentially, he found that although the goodwill of the mark includes elements of honesty and reputation, at its core is the ability of the mark to attract customers. Defendant's use of plaintiff's mark in a manner directed at plaintiff's customers, and designed to wean them from the habit of buying plaintiff's product, was, in the judge's view, a depreciation of plaintiff's goodwill. As such, he enjoined the use of the chart on defendant's packages. No doubt, a U.S. practitioner would be surprised by such a result. Truthful comparative advertising has long been considered non-infringing by our courts. Moreover, the FTDA specifically exempts truthful comparative advertising from the scope of its protection. The potential breadth of this section thus exceeds that of U.S. laws on dilution.

use the mark in Canada. The court held that section 19 did not apply where the "use" of the mark was not intended to distinguish the defendant's goods from those of another—i.e., where the offending use was not as a trademark. Id. at 192-94.

194. See id. at 194 (noting that no other decided cases had applied this section).
195. Id. at 195.
196. See id. at 196. The judge referred to his earlier discussion in the case where he interpreted "use" within the definition provided by section 4 of the Trade Marks Act. He read that section clearly to include use of the offending mark on the goods themselves, even if it was not a trademark use. However, in his view "use" did not encompass the brochures, which did not give purchasers "notice" that the plaintiff's mark was associated with defendant's goods. Id. at 190-91.
197. See id. at 200-01.
200. The Clairol court did limit the scope of "use" just a bit. It opined, in dicta, that a storekeeper's use of another's marks in a competitive price chart, or a critical remark in an ordinary conversation, would not be encompassed by the statute. See Clairol, 38 Fox's Patent Cas. at 195. It is worth reiterating that section 22 appears to protect any mark, regardless of its renown, unlike the FTDA in the United States, which applies only to "famous" marks (and section 10(3) in the U.K., applying to marks with a "reputation").
The sweep of section 22 was further illustrated in *Source Perrier (Société Anonyme) v. Fira-Less Marketing Co., Ltd.*

Defendant sold ordinary water in bottles resembling plaintiff's well-known Perrier bottles. However, the label read "Pierre Eh!" intending to be a parody of then Prime Minister Pierre Trudeau. The court found both confusion and dilution under separate sections of the Trade Marks Act. Discussing dilution under section 22, the court not only cited the *Clairol* case, but also several well-known U.S. cases in support of its conclusion that the parody depreciated Perrier's goodwill.

Although problematic cases in the United States certainly exist where such parodies were enjoined under U.S. law, the particular U.S. cases cited by the court were ones where the sexual innuendo or drug connections of the offending products made them particularly susceptible to attack as tarnishing the good name of the mark owner. By contrast, the parody of Perrier was rather tame. In fact, were it not for the court's conclusion that the defendant's product was likely to cause confusion, this would seem to be a very weak case under section 22. The statute, after all, refers to "depreciation of goodwill."

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202. *Id.*
204. *See, e.g.,* Mutual of Omaha Ins. Co. v. Novak, 836 F.2d 397 (8th Cir. 1987) (enjoining sale of t-shirts, caps, and mugs with a "Mutant of Omaha" logo used as a protest against nuclear power on a confusion theory); *see also Deere & Co. v. MTD Products, Inc.,* 41 F.3d 39 (2d Cir. 1994) (enjoining, under New York antidilution statute, use of a humorous animated alteration of plaintiff's logo in a comparative advertisement).
Clearly, tarnishment would fall under that rubric. However, a non-tarnishing parody ought not to depreciate the goodwill of the better known mark. 206 Thus, without tarnishment, a parody should not cause "blurring" of the mark's significance. In that case, no depreciation of goodwill takes place—the parody certainly was not intended to take customers of Perrier away, but rather to have its customers buy the parody product in addition to the Perrier product. The influence of misappropriation theory—defendant made money by attaching its parody to the well-known Perrier mark—cannot be discounted as a factor in this decision. Nevertheless, the willingness of the Canadian courts to permit an action under section 22 in such situations is further evidence of the difference between the scope of that section and U.S. notions of trademark dilution.

An interesting, and almost prototypical, use of section 22 was made in Ontario Inc. v. Sony Kabushiki Kaisha. 207 Plaintiff sold compact discs ("CDs") and related items by mail, using the trademark CD PLUS (which it registered). Sony sought to register the mark CD PLUS for CDs, CD players, CD ROM software, and related items. 208 The major problem for plaintiff, as found by the court, was described in terms of dilution by a kind of "reverse confusion": 209

Sony's use of the name CD PLUS in Canada will cause the plaintiff to lose control of its trade mark as the Canadian market will be flooded with advertising, promotion and products all using the name CD PLUS. The trade mark would be in the hands of a much larger and more powerful group, who would be directing all of its efforts at the same customer base in Canada shared by Sony and the plaintiff, namely purchasers of compact discs. The plaintiff is intending to expand its operations by franchising more retail outlets under the name CD PLUS. In order to achieve this, it is necessary that the plaintiff have a distinctive trade mark. The entitlement to use the CD PLUS name is one of the largest benefits to being a franchisee; this benefit is lost if the plaintiff no longer has a

206. Indeed, as I have argued elsewhere, a successful parody depends on the continued association by the public of the mark with the better known owner. See Welkowitz, supra note 15, at 552-53.
208. This was part of a Sony initiative to develop so called "enhanced CDs." One twist in this case is that the larger company, Sony, was the defendant, not the plaintiff.
209. "Reverse confusion" occurs when the subsequent user—usually a larger company—causes consumers to believe that it is the first user who is the interloper, not the second user. See Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co., 561 F.2d 1365, 1371-72 (10th Cir. 1977).
distinctive trade mark to offer to potential franchisees. If Sony uses
the CD PLUS name in Canada, the plaintiff's effective use of the
trade mark on its catalogue, magalogue and retail stores will be lost
in all of the attention paid to Sony and its new technology.²¹⁰

Although the court also found evidence of confusion,²¹¹ it specifically
found a violation of section 22 on the following basis:

Confusion is not needed to prove depreciation of a trade mark.
Obliteration of the distinctiveness of a trade mark necessarily
depreciates whatever goodwill is attached to the mark. The
purpose of the trade mark is to preserve the goodwill of the
plaintiff's service. There is a serious issue to be tried [under section
22].²¹²

And, in granting a preliminary injunction, the court made two
findings that were based on dilution:

(b) Sony's use of the CD PLUS name will render the plaintiff's
trade mark generic and, therefore, non-distinctive of the plaintiff's
business;

... 

(d) Sony's infringement will annihilate the plaintiff's proprietary
rights in its trade mark and its associated goodwill.²¹³

Thus, the court used section 22 both to protect against the mark being
"overwhelmed" (and thus less distinctive in the marketplace) and
against "genericide" of the mark. Unlike section 10(3) of the 1994
Act in the U.K., there was no requirement of a reputation in
plaintiff's mark (indeed, its lack of a reputation appears to have been
one reason it could be overwhelmed).²¹⁴

However, the broad potential of section 22 is not always reached
in practice. First of all, the "use" limitation of Clairol can be a serious
obstacle to relief. This was demonstrated in Syntex Inc. v. Apotex
Inc.²¹⁵ Plaintiff and defendant were competing drug companies. Both
were selling the drug Naproxen under separate brand names
(NAPROSYN for plaintiff and APO-NAPROXEN for defendant).

²¹⁰ Ontario, 65 C.P.R.3d at 178-79.
²¹¹ See id. at 179.
²¹² Id. at 183.
²¹³ Id. at 186.
²¹⁴ Obviously, unlike the Baywatch court in the U.K., the Ontario court did not
impose any requirement of confusion, though confusion was found in the case.
Defendant Apotex sent a brochure to hospitals with a chart containing price comparisons with Syntex's brand of Naproxen. A major issue was whether this was a "use" of plaintiff's trademark within the meaning of the statute. As in Clairol, the appeals court here considered the term "use" in section 22 to be defined by section 4 of the Trade Marks Act, and it, too, interpreted the provision narrowly. The defendant's flyer, though clearly designed to promote defendant's product, would not be connected in time with the sale—since the transfer of goods is separate from the flyer, the flyer does not give "notice of [its] association" with the goods at the time possession is transferred. Accordingly, the court reversed the grant of a preliminary injunction.

Similarly, in Cie Generale des Etablissements Michelin-Michelin & Cie v. C.A.W.-Canada, a union trying to organize Michelin workers "distributed leaflets, displayed posters and issued information sheets that reproduced the term MICHELIN." Some of the literature also included a parody of the "Michelin Man" trademark. Accepting the Clairol interpretation of "use" the court held that the non-commercial use made of the marks by the union was not a "use" "for wares or in advertising of services." Thus, there could be no violation of section 22. In addition, the court held that because the union's activities were aimed at employees, not customers, there would be no likelihood of depreciation of Michelin's goodwill.

It is worth noting that if one were to overcome the restrictive "use" provisions of the Canadian statute, one probably could fend

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216. The trial court had granted a preliminary injunction in this case. See Clairol 69 C.P.R.2d 267-68.
217. Syntex, 1 C.P.R.3d at 151.
218. See id. at 154.
220. Id. at 353.
221. See id. at 355-56.
222. See id. at 361-62.
223. Id. at 363.
224. See id. at 368-69. However, the court ruled in Michelin's favor on a copyright infringement count, rejecting a parody defense. See id. at 380-81.
225. One commentator has argued that Clairol's restrictive definition of "use" should be reevaluated and abandoned. See James C. MacInnis, Neither Nice Nor Easy: Reconsidering Clairol International and Section 22 of the Trade-Marks Act, 13 INTELL. PROP. J. 25 (1998). MacInnis asserts that Clairol overly restricts the value of section 22 in protecting marks, and that courts are making artificial distinctions based on Clairol. See id. at 27, 30-33. He argues for a broad view of use, with a more
off a parody or free expression defense. Various opinions in copyright and trademark cases have shown a marked tendency to place private intellectual property interests ahead of free expression.

An interesting twist on the comparative advertising issue is found in *Future Shop Ltd. v. A & B Sound Ltd.* Two large competing electronics retailers engaged in extensive advertising, and a lawsuit grew out of a comparative advertisement placed by one of them. Discussing section 22, the court decided that *Clairol* rested on the notion that defendant was trying to lure customers by stressing the *similarity* of the two products. Thus, a comparative advertisement stressing product *differences* would not seek to lure customers based on the positive features of the competition. Whatever the plausibility of this analysis, its application to this case, which involved *price* comparisons, is tenuous. Such comparisons do use the positive aspects of the competitor—similarity of *product*—while depreciating the price (implying that the competitor’s goods are overpriced). On the other hand, this type of analysis demonstrates the unease that some courts may feel about using dilution protection to prevent truthful comparative advertising. As a further analytical oddity, in *Future Shop*, even though the court viewed the scope of section 22 rather narrowly, the court found a “fair issue to be tried” under section 22, it refused a preliminary injunction because the “balance of conveniences” tipped greatly in favor of the defendant.

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226. See Cie Generale 71 C.P.R.3d 348 (an extensive discussion); Rotisseries St. Hubert Ltee v. Le Syndicat des Travailleurs (Euses) de la Rotisseries St. Hubert de Drummondville (C.S.N.) [1986] 17 C.P.R.3d 461 (Que. Super. Ct.); *Perrier* 70 C.P.R.2d 61.


228. See id. at 186.

229. There is some implicit support in the *Clairol* opinion for the *Future Shop* court’s approach. As the *Future Shop* opinion notes, Judge Thurlow in *Clairol* opined that a price comparison chart in a store would not violate section 22. See id. at 187-88.

230. Id. [1994] 55 C.P.R.3d at 189.

231. See id. at 191; see also Aetna Life & Cas. Co. v. Captain Normac Riverboat Inn Ltd. [1982] 62 C.P.R.2d 16 (H. Ct. J. Ont.) (denying preliminary injunction where dissatisfied customer of insurance company erected sign stating his views of company
A cautious approach to section 22 can even be found where the court did find infringement and passing off. *Horn Abbott Ltd. v. Thurston Hayes Developments Ltd.* was a suit brought by the owner of the TRIVIAL PURSUIT mark for the board game against the creators of a game called SEXUAL PURSUIT. (The latter was patterned after the Trivial Pursuit game.) The suit claimed violations of various provisions of the Trade Marks Act, including section 22. The court eventually decided that there was a likelihood of confusion, thus leading to classic infringement (section 20) as well as passing off (section 7(b)). However, the court specifically refused to find a depreciation of the mark’s value.

The willingness to permit section 22 to be used in comparative advertising situations illustrates its broad scope. The offending use need not be “unfair” or “dishonest” (unless one perceives truthful comparative advertising to fit that description), thus exceeding the scope of the U.K. statute, as well as U.S. law. But the case law suggests a more careful approach. In particular, the restrictive interpretation of the “use” requirement, seemingly limiting section 22 to point of sale situations, seriously circumscribes its potential breadth. Moreover, unlike the FTDA in the United States, section 22 only applies to registered marks.

2. The Narrow Remedy—Preliminary Injunctions: Taking Irreparable Harm Seriously

Preliminary relief often is important to trademark plaintiffs. Whether the infringement is by confusion or dilution, the injured party naturally wants to halt the injury as quickly as possible. However, a number of cases have demonstrated that preliminary injunctive relief in Canada is not easily obtained, even when a prima
facie violation of the dilution section is made. Consider first *Allergan, Inc. v. Bausch & Lomb Canada, Inc.*, where plaintiff and defendant sold competing contact lens cleaning solutions. On its packages, Bausch & Lomb represented that its product could be used in conjunction with Allergan's products, which Bausch & Lomb identified by Allergan's trademarks (OMNICARE and OXYSEPT). This would appear to be almost the same situation as in *Clairol*. Indeed, defendant conceded that a "serious issue to be tried" existed under section 22, which is the first step in awarding a preliminary injunction. Nevertheless, a preliminary (or "interlocutory") injunction was denied. The reason: a failure to demonstrate irreparable harm. The court found that plaintiff's financial stability was not threatened, and that damages would be an adequate remedy.

In contrast to *Allergan* is *Interlogo, AG v. Irwin Toy Ltd.*, where the court granted a preliminary injunction against defendant, which made interlocking toy blocks similar to the LEGO and DUPLO blocks made by plaintiff. The defendant's catalogue stated that its product "works with LEGO." The court found this to raise "a strong prima facie case" of a section 22 violation, and said, "The infringements being, in my view, flagrant, in an industrial or intellectual property matter, I need not consider whether damages would provide an adequate remedy for the plaintiffs."

Both *Allergan* and *Interlogo* were decided by the Federal Court, creating an apparent conflict of legal standards. However, the conflict now seems to have been resolved in favor of the *Allergan* approach, at least by the Federal Court. The same Federal Court that decided these two cases recently stated that, in contrast to the

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238. *See id.* Bausch & Lomb put a notice on the package that these were trademarks of Allergan.


240. *See Allergan* [1992] 46 C.P.R.3d at 376-77 ("The evidence in support of a claim of irreparable harm must be clear and not speculative.").

241. [1985] 3 C.P.R.3d 476 (Fed. Ct.).

242. *Id.* at 489.
Interlogo opinion, irreparable harm is not to be presumed in a trademark infringement case, but rather "must be clear and not speculative." The Federal Court noted that earlier decisions indicating that irreparable harm need not be shown had been superseded by later cases (all decided after Interlogo) in the Federal Court of Appeal. Specifically, the court disputed the idea that "the mere infringement of a trade mark constitutes, of itself, irreparable harm." However, it is worth noting that it has been held that where the infringement is particularly egregious, "the adequacy of damages as an alternative and the balance of convenience need not be further considered.

In Mark Anthony Group, Inc. v. Vincor International, Inc., the Supreme Court of British Columbia followed the lead of the more recent Federal Court decisions. Plaintiff, owner of the mark MIKE'S HARD LEMONADE, sued defendant over the latter's planned sale of a competing product called JOE HARD ALCOHOLIC LEMONADE. The court rather summarily determined that a "serious question to be tried" existed. However, citing recent Federal Court cases, it carefully considered whether there had been a showing of irreparable harm. Plaintiff claimed that potential lost sales could not be counted accurately, and that loss of goodwill was not readily quantifiable. However, the court, noting defendant's testimony indicating how these items could be measured, decided that


244. See id. at 498-99.

245. Id. at 499. The alleged infringer also promised the judge to make efforts to avoid confusion and keep records in case an accounting of revenues was required. See id. at 500. The court found this to be another factor weighing against the issuance of an injunction. See id.


248. Id. at 569. The court acknowledged that it was not "engag[ing] in an extensive review of the merits of the case." Id. It believed this unnecessary to reach the threshold for a preliminary injunction. Thus, there was virtually no discussion of the substance of the claim. It should be noted that although the case was decided on confusion grounds and did not involve section 22, a key element of plaintiff's claim was that defendant's product would "lead to an erosion of the considerable goodwill or distinctiveness the plaintiffs have built up in their brand." Id. Thus, dilution was at least in the background of this case.

damages—including lost goodwill—could be determined and therefore denied a preliminary injunction.\textsuperscript{250}

The Canadian preliminary injunction standard may be contrasted with that used in U.S.\textsuperscript{251} On the surface, the factors used in the United States look similar to those used in Canada: probability or likelihood of success on the merits, irreparable harm, and balance of hardships favoring the plaintiff's need to preserve the status quo.\textsuperscript{252} However, the application of these factors differs significantly.

In the first place, "likelihood" or "probability" of success is a higher standard than a serious issue to be tried. As seen above, some Canadian cases rather quickly conclude that a serious question exists, and the real issue is irreparable harm and balance of hardships. However, some federal courts in the United States have used a lesser standard than likelihood of success: "serious questions" going to the merits.\textsuperscript{253} Indeed, at least one circuit characterized its test as meaning the following: does the plaintiff "ha[ve] a better than negligible chance" of succeeding.\textsuperscript{254} Moreover, when the facts are not seriously in dispute, application of this standard is really a test of the reach of trademark law more than an estimation of the factual strength of the case.

A more crucial difference in the standards of the two countries is the evaluation of irreparable harm.\textsuperscript{255} As we have seen, Canadian courts consider this factor with great care. In U.S. courts, this factor

\textsuperscript{250} See id. at 573.; see also Dubiner v. MCA Canada Ltd. [1976] 30 C.P.R.2d 281 (Ont. Ct. J.) (in case brought under section 22, injunction refused; court found no evidence of harm to plaintiffs, and found balance of convenience did not favor plaintiffs); Future Shop Ltd. v. A & B Sound Ltd. [1994] 55 C.P.R.3d 182, 190 (Sup. Ct. Br. Col.) (denying preliminary relief because balance of hardships tipped in defendant's favor); but cf. Nadel Enterprises Inc. v. Vivitar Canada Ltd. [1994] 60 C.P.R.3d 289, 293 (Fed. Ct. T.D.) In Nadel, a passing off action under section 7, both sides used the same as yet unregistered mark on the same or similar goods. The court rather conclusorily found that "[c]onfusion, and therefore injury to the plaintiff's goodwill, is inevitable, injury which is difficult, if not impossible, to translate into monetary terms." Id.

\textsuperscript{251} By "U.S. courts" I mean federal courts, where most trademark disputes are litigated.

\textsuperscript{252} See MCCARTHY § 30:31. As noted in section 30:32 of MCCARTHY, and discussed below, a few courts alter some of these factors in some cases.

\textsuperscript{253} MCCARTHY § 30:32 (citing cases from the Second, Seventh and Ninth Circuits, e.g. Rodeo Collections Ltd. v. West Seventh, 812 F.2d 1215, 1217 (9th Cir. 1987)).

\textsuperscript{254} A. J. Canfield Co. v. Vess Beverages, Inc., 796 F.2d 903, 909 (7th Cir. 1986).

\textsuperscript{255} See Crerar, supra note 236, at 970-71 (noting the difficulty of showing irreparable harm in intellectual property cases in Canada).
usually is far less critical, once a likelihood of success is shown. In many cases, courts have said that irreparable harm is *presumed* to exist when a likelihood of success is demonstrated.\(^\text{256}\) Although these cases deal with traditional infringement by confusion, there is no reason to believe that dilution should be treated differently.\(^\text{257}\) Thus, the road to preliminary relief in Canada may be considerably bumpier than in the United States.

Thus, in addition to the "use" problem, Canadian procedural law places other obstacles in the way of any dilution plaintiff. The fairly searching review of irreparable harm—something notably absent in U.S. cases—makes preliminary injunctive relief significantly more difficult to obtain in Canada. Of course, if taken to trial, the broad scope of section 22(1) ultimately would permit relief in many cases where no irreparable injury was found.

**B. Other Avenues of Dilution Protection**

1. **The Scope of Confusion**

   Even if the "use" limits of section 22 constrain its potential breadth, trademark owners, particularly those of famous marks, need not fear a lack of protection in Canada. Other avenues of protection exist. Unlike the U.K. trademark statute (and the E.U. Directive), Canada's statute does not have separate standards for "similar" and "non-similar" goods. Thus, even dissimilar (non-competing) goods can be subject to an infringement suit if confusion can be shown. How successful this may be depends on how broadly the courts interpret the term "confusion." In the United States, confusion includes such things as confusion of sponsorship and post-sale confusion.\(^\text{258}\) These two forms of confusion provide broad protection to trademarks in the United States, sometimes approaching that of dilution. We have also seen that some passing off cases in the U.K.

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257. *See* Playboy Entertainment Inc. v. Chuckleberry Publ'g, Inc., 486 F. Supp. 414, 429, 434 (S.D.N.Y. 1980), *aff'd*, 687 F.2d 563 (2d Cir. 1982) (describing need to protect "reputation and good will"—which are also elements of dilution protection).

258. The latter means that the buyer of the infringing goods is *not* confused. However, those people who see the buyer with the article may mistakenly believe it to be the product of another manufacturer. *See, e.g.*, Ferrari S.P.A. Esercizio v. Roberts, 944 F.2d 1235, 1245 (6th Cir. 1991) (enjoining manufacture of kit to create replica of Ferrari Testarossa).
have provided protection that can be likened to confusion of sponsorship, even strongly resembling dilution.

For Canadian law, the place to start, naturally, is the statute. Section 6 of the Trade Marks Act defines "confusion." Perhaps most pertinent is section 6(2), which provides as follows:

(2) The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

Obviously, this definition permits confusion to be found between non-competing goods (i.e., those that are not "of the same general class"). It is less clear whether confusion about whether Company 2's goods or services are "manufactured, sold, leased, hired, or performed by" Company 1 encompasses confusion of sponsorship. After all, such confusion only requires the consumer to think that Company 2's goods are authorized or approved by Company 1. Nevertheless, some cases suggest that Canadian courts provide fairly significant protection to well-known marks under the banner of confusion.

One example is Glen-Warren Productions Ltd. v. Gertex Hosiery Ltd., an appeal from the granting of a trademark registration of the mark MISS CANADA for women's hosiery which had been used by the proposed registrant for thirty years. It was opposed by the organizers of the MISS CANADA beauty pageant, whose mark was not registered. The Registrar of Trademarks rejected the opposition, but the Federal Court reversed. Obviously, the two products—women's stockings and beauty pageants—are not competitive. Nevertheless, the court found that "it is likely that consumers might assume the organizers of the Miss Canada pageant had in some way approved, licensed, or sponsored the use of its mark by a business which markets hosiery under the MISS CANADA trade mark." The court noted that MISS CANADA "is a famous trade mark in association with the pageant... and therefore entitled to broad protection. Although falling short of dilution protection

259. [1990] 29 C.P.R.3d 7 (Fed. Ct.).
260. See id. The pageant began in 1946.
261. Id. at 12.
262. Id. at 14.
(particularly the broad potential of section 22), such sentiments allow famous marks a great deal of protection, even against non-competing goods. One would expect that if a court were convinced that another company was trying to take advantage of the good will of a famous mark, it would be able to find confusion of sponsorship.\textsuperscript{263}

Several other examples of a broad view of confusion under section 6—the confusion section—of the Canadian statute exist. In \textit{Courvoisier International S.A.R.L. v. Paragon Clothing, Ltd.},\textsuperscript{264} the Trade Marks Office upheld the opposition to the registration of "Courvoisier" for clothing, on the grounds that it was likely to cause confusion with Courvoisier cognac. The Hearing Officer concluded that “potential customers of” the Courvoisier clothing line would believe that “the owner of the Courvoisier [cognac] trade mark had, in some way, approved, licensed or sponsored the applicant’s use of its mark.”\textsuperscript{265} In \textit{Conde Nast Publications, Inc. v. Gozlan Brothers, Ltd.},\textsuperscript{266} the court found that use of the mark VOGUE for costume jewelry would cause confusion with VOGUE magazine. In \textit{Sun Life Assurance Co. v. Sunlife Juice Ltd.},\textsuperscript{267} the owner of the trademark SUNLIFE, which was used to promote physical fitness in Canada, sued a juice manufacturer using Sunlife as its mark for juice. Noting that plaintiff's mark was well known in Canada, the court upheld plaintiff's claim.\textsuperscript{268} And in \textit{Berry Bros. & Rudd Ltd. v. Planta Tabak-Manufactur},\textsuperscript{269} the Federal Court, reversing the Registrar, upheld an opposition to the registration of CUTTY SARK as a trademark for tobacco products. The court noted that CUTTY SARK was well known in Canada as a mark for alcohol,\textsuperscript{270} and found that it was likely that consumers would believe that there was a connection between the tobacco and alcohol products due to the use

\begin{itemize}
\item \textsuperscript{263} See Welkowitz, supra note 15, at 540-41.
\item \textsuperscript{264} [1984] 77 C.P.R.2d 168 (Hearing Officer, Trade Marks 1984).
\item \textsuperscript{265} Id. at 176. The officer also noted the possibility that the applicant did not choose this mark in good faith. See id.
\item \textsuperscript{266} [1980] 49 C.P.R.2d 250 (Fed. Ct. T.D.).
\item \textsuperscript{267} [1988] 22 C.P.R.3d 244 (H. Ct. J. Ont.).
\item \textsuperscript{268} See id. at 252. The court upheld a claim of passing off, as well as trademark infringement. With regard to the passing off claim, the court, citing an earlier case from the U.K., opined that “the inability of the plaintiffs to control such use must invoke a real injury to their reputation in the mark and hence to their goodwill.” Id. at 252 (citing Lego 9 F.S.R. at 191 (Ch. 1982)). Such concern is very similar to the underlying rationale of section 22 of the Trade Marks Act.
\item \textsuperscript{269} [1980] 53 C.P.R.2d 130 (Fed. Ct.).
\item \textsuperscript{270} See Berry Bros. [1980] 53 C.P.R.2d at 140.
\end{itemize}
An interesting use of "confusion" is found in *Canada Safeway Ltd. v. Manitoba Food & Commercial Workers, Local 832.*

Defendant union distributed a pamphlet criticizing the Safeway company. On the cover of the pamphlet, the union put a letter "S," which was known to signify Safeway. Although the court ultimately described its task as determining whether the public would think "that Safeway is behind the pamphlet's production," its language is often couched in terms of misappropriation. Indeed, the court appeared uncertain as to how to describe the cause of action, stating that "it is not easy to fit the facts here into the limits of a[n existing] nominate tort." It conceded that "not everyone" would be confused—but a "significant number" could be. Then it added: "I agree also that [the union's] use constitutes an unlawful appropriation of an insignia in which the company has a proprietary interest."

This is misappropriation, rather than confusion. Moreover, the plaintiff's claim appeared steeped in misappropriation: "The company contends that in principle it is contrary to law for ... citizens ... to appropriate for their own purposes a mark, insignia or get-ups [i.e., trade dress] which is the property of another citizen." There is no statement of confusion here at all. One could deduce that the court's conclusion, though couched in familiar confusion language, was heavily influenced by notions of misappropriation or dilution. There was no competition, no comparative advertising, and no trademark use of Safeway's insignia.

But other cases indicate a reluctance to broadly protect well-known marks against uses on disparate products under a confusion rationale. A significant example is *McDonald's Corp. v. Coffee Hut Stores Ltd.* There, the McDonald's Corporation, well known for its fast food franchises, opposed registration of the mark MCBEANS for

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271. *See id.* at 141-43. The court noted that the prospective registrant intended to advertise its pipe tobacco as being flavored with whiskey, which would enhance the likelihood of confusion. *See id.* at 143-44.


273. *See id.* at 235.

274. *Id.* at 236.

275. *Id.*

276. A discussion of several cases can be found in Theresa Corneau & Sheila Jennings Linehan, *Such Great Names as These: Protection of Famous Trade Marks Under the Canadian Trade Marks Act* [1995] 11 E.I.P.R 531.

use in association with "coffee makers and accessories, namely, coffee cups, coffee mugs, coffee pots, coffee grinders, coffee filters, electric coffee makers, souvenir coffee spoons, coffee, coffee beans and tea;" as well as to the services of the operation of a business dealing in the sale of these wares.\footnote{278}{Id. at 466.}

However, the court rejected the opposition. Although it acknowledged that McDonald's was a well-known mark, it found no likelihood of confusion; it determined that the target markets were different and that customers would not be likely to think that McBeans was connected to McDonald's.\footnote{279}{See id. at 479. The court stated, If one looks at McDonald's business, it directs its advertising and decor towards children; in fact one of its registered trade marks relates to a clown, RONALD MCDONALD. MCBEANS is not seeking the children's market. MCBEANS is in the business of gourmet coffee and at that, it is at the high end of the trade.}

More recently, in Jaguar Cars Ltd. v. Remo Imports Ltd.—Les Importations Remo Ltee,\footnote{280}{[1998] 82 C.P.R.3d 557 (Trade Marks Opposition Bd. 1998).} the Trade Marks Opposition Board rejected an opposition by the owner of the Jaguar mark for cars (among other items)\footnote{281}{Id. at 562. The board listed a number of other items sold by the opponent using the Jaguar trademark.} to a registration of JAGUAR for use on briefcases. Among the findings by the Board was the following statement:

[C]onsidering the limited number of cars sold under the mark JAGUAR in Canada (never more than 2,122 annually), and the absence of evidence of advertising or promotion under the mark, the opponent's evidence is, in my view, far from sufficient for me to conclude that the opponent's mark JAGUAR is a famous mark in Canada.\footnote{282}{Id. at 563.}

The hearing judge went on to conclude:

I find that the applicant has met the onus on it to establish that, on a balance of probabilities, the average consumer would not believe, as a matter of first impression and imperfect recollection, that...
Remo's briefcases sold under the mark JAGUAR were approved, licensed, or sponsored by the opponent.\footnote{283. \textit{Id.} at 568-69. The \textit{Jaguar} case also illustrates the continued strong influence of territoriality. The Board's pointed reference to the small number of Canadian sales shows that it took a narrow view of protection for a mark that it viewed as not extensively used in Canada. \textit{See also} \textit{Esprit Int'l} v. Alcohol Countermeasure Sys. Corp. [1997] 84 C.P.R.3d 89, 100 (Trade Marks Hearing Officer 1997) (rejecting opposition by maker of \textit{ESPRIT} clothing to registration of Esprit mark for alcohol testing devices). Responding to argument that the prospective use would damage opponent's reputation and good will, the \textit{Esprit} court stated, "The likelihood that the reputation of a mark would suffer harm does not assist in a determination about whether confusion arises. Rather, in my view, damage to reputation would be a result of confusion having arisen." \textit{Id.}}

Thus, it is apparent that confusion may not be strong protection in Canada, particularly for foreign companies that, while well known, do not have extensive sales in Canada. One must conclude that the law is rather unsettled as to whether and to what extent companies can rely on a broad conception of confusion to protect their marks. As noted at the outset, section 6, unlike its British counterpart, does not require that the confusingly similar mark be on the same or similar goods. On the other hand, courts appear somewhat reluctant to assume that consumers will automatically perceive a connection between companies with the same marks on different goods, especially when they are not deemed "famous" in Canada.

2. Unfair Competition: A Dilution Alternative?

As we have seen, section 22 and, in some cases, even the traditional confusion doctrine under section 6 provide protection against a broad range of potential unauthorized uses of a trademark. However, there are limits to what the statute prohibits. For instance, section 22 by its terms only applies to \textit{registered} marks. Unregistered marks are not protected by this section. And the "use" limitation restricts the reach of the section as well. Thus, one may ask whether there is an equivalent of the British common law doctrine of passing off that could be used to broadly attack non-confusing uses of another's trademark in Canada. Such an action could be brought under section 7 of the Canadian statute. It provides as follows:

7. No person shall

(a) make a false or misleading statement tending to discredit the business, wares or services of a competitor;

(b) direct public attention to his wares, services or business in such
a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another;

(c) pass off other wares or services as and for those ordered or requested;

(d) make use, in association with wares or services, of any description that is false in a material respect and likely to mislead the public as to

(i) the character, quality, quantity or composition,

(ii) the geographical origin, or

(iii) the mode of the manufacture, production or performance of the wares or services; or

(e) do any other act or adopt any other business practice contrary to honest industrial or commercial usage in Canada.

Subsections (a) through (d) appear to be based on traditional confusion and/or deception doctrines. Obviously, sections 7(b) and (c) allow a passing off claim, but there is no indication that such a claim would be broader in scope than an action under section 6 in terms of confusion.284 On its face, section 7(e) appears likely to have a very broad scope, since it encompasses any “[dis]honest” business practice. Given the broad scope of section 22, one certainly could argue that dilution of another’s trademark is “contrary to honest industrial or commercial usage in Canada.” However, that avenue to broad protection appears to be foreclosed. In MacDonald v. Vapour Canada Ltd.,285 the Supreme Court of Canada ruled that section 7(e) was an unconstitutional exercise of legislative authority. MacDonald was a case about a theft of trade secrets. The Supreme Court believed that such a private tort was left to provincial legislatures, rather than the federal Parliament. On the other hand, the opinion left open the possibility that section 7 could be upheld if it applied to matters clearly within national authority—such as patents, copyrights and trademarks.286

284. See, e.g., Greystone Capital Management Inc. v. Greystone Properties Ltd. [1999] 87 C.P.R.3d 43, 50 (section 7(b) codifies the common law passing off action).
286. See MacDonald [1976] 22 C.P.R.2d at 28-30, 34.
In fact, citing the language in *MacDonald*, the Federal Court of Appeal held that section 7(b) *was* constitutional as a regulation of trademark.\(^{287}\) Thus, one might infer that a non-confusion based trademark infringement theory could be upheld under section 7(e) on the same basis. Since section 22 makes the use of another's mark in a manner that depreciates "the value of [its] goodwill" an actionable matter, it would seem also to be contrary to "honest industrial or commercial usage" as defined in section 7(e). However, the case law does not support this argument.

In a short opinion, the Federal Court of Appeal held, in *Bousquet v. Barmish Inc.*,\(^{288}\) that section 7(e) cannot provide an independent basis for a trademark infringement claim. This ruling was followed in *Levi Strauss & Co. v. L.A. Jazz Ltee.*\(^{289}\) and in *Figgie International Inc. v. Schoettler.*\(^{290}\)

This failure to seize the opening provided in *MacDonald* is interesting. Perhaps the breadth of protection for confusion, discussed above, is deemed sufficient for unregistered marks. However, given the globalization of trade and the increased desire of mark owners for property-like protection, one might have thought the courts could reach out and use section 7(e) to broaden the available avenues of trademark protection. Moreover, although industrial designs can be protected in Canada under a separate law,\(^ {291}\) that protection, like similar protection in Britain (and design patent protection in the United States) is limited in time. Thus, we have, in effect, a judicial reluctance to extend the common law action for


\(^{289}\) *[1995] 61 C.P.R.3d 302 (Fed. Ct. 1995). Although this case was a trademark infringement action, the section 7(e) claim was a counterclaim that did not directly involve a trademark infringement allegation.*

\(^{290}\) *[1994] 53 C.P.R.3d 450, 458 (Fed. Ct. T.D.). This case is particularly interesting because the judge had previously ruled, in *McCabe v. Yamamoto & Co. (America)* [1989] 23 C.P.R.3d 498, 506-08 (Fed. Ct. T.D.), that section 7(e) was constitutional to the extent that it dealt with claims of patent, trademark or copyright infringement. (The judge did not refer to his earlier ruling in the *McCabe* opinion.) Even before the ruling in *MacDonald*, it had been held that section 7(e) offered no additional protection for trademark infringement from that offered by section 7(a)-(d). *See Eldon Indus., Inc. v. Reliable Toy Co. [1965] 48 C.P.R. 109, 124 (Ont. Ct. App. 1965); see also Ital-Press Ltd. v. Sicoli [1999] 86 C.P.R.3d 129, 179 (Fed. Ct. T.D.) (Federal Court lacks jurisdiction over common law claim if not made pursuant to "trade marks scheme" under section 7).*

\(^{291}\) *See R.S. 1985, c. I-9.*
passing off into areas beyond its traditional underpinnings of unfair competition and deceit.  

Finally, consider *Walt Disney Productions v. Fantasyland Hotel Inc.*, a common law passing off action by Disney against the proprietor of a hotel called the "Fantasyland Hotel." Disney asserted that the primary issue was whether "there [is] likely to be a depreciation of the goodwill of [Disney] in its name FANTASYLAND should the [defendant] continue to operate a hotel under that name." 

Notably, there is no mention here of confusion. However, the appeals court upheld the trial judge’s finding that Disney had no goodwill in the name FANTASYLAND as it relates to hotels. Moreover, although it did not dispute the possibility that passing off could be based on a theory of confusion of sponsorship or endorsement, the court stated that "misrepresentation or confusion is still a required element." Further, Disney argued that "the name Fantasyland is as distinctive and deserving of protection as champagne," citing the *Taittinger v. Allbev* case from the U.K. However, the court did not uphold this apparent attempt to inject a dilution argument into a passing off case.

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292. The Quebec Superior Court, in *Rotisseries St.-Hubert Ltee v. Le Syndicat des Travailleurs (Euses) de la Rotisserie St.-Hubert de Drummondville* [1986] 17 C.P.R.3d 461 (Que. Super. Ct.), also refused relief under section 7(e), citing *MacDonald*. In the same opinion, the court stated that relief parallel to "article 7" could be obtained under provincial law. *Id.* Whether that means section 7 as a whole or section 7(e) in particular was not entirely clear. However, the plaintiff also claimed relief under section 22, losing because of the "use" requirement in *Clairol*, discussed above. (The defendant was a union and used the mark in a parody of the company, which sued for both copyright and trademark infringement.) Section 22 does not require confusion. Thus, it may be that provincial law would allow relief without a showing of confusion. The plaintiffs lost on the provincial law ground only because of a failure to show damages. (The report of this case is in French, except the headnotes, and I am indebted to my colleague, Calvin Peeler, for his assistance in translating the case.)


294. *Id.* at 450. The hotel was next to an amusement area, also called Fantasyland, which had been enjoined from using the name.


297. *Id.*


C. Summary: Broad Potential, But with Hesitation

There does not appear to be a concerted effort to use dilution doctrine in reported Canadian cases. Although some cases have indicated that section 22 could have a broad impact (applying to marks that are scarcely known, and applying to comparative advertising), the obstacle of "use" and the relative difficulty of obtaining a preliminary injunction have blunted the effect of the section. Passing off cases, have not filled the void—particularly in light of the unconstitutionality of the best support for dilution, section 7(e). Mark owners are not without protection, of course. Canadian cases interpret "confusion" broadly enough to encompass other than strict source confusion. Even here, however, the cases are somewhat uneven in their willingness to give strong protection. In sum, the results are somewhat mixed, with no clear trend in view.300

Conclusion

It is apparent that neither Canada nor the U.K. has jumped into the dilution pool with both feet. Indeed, (to continue with the metaphor) it would appear that they have simply put their toes in the water. It is particularly understandable in the case of Great Britain for several reasons. In the first place, dilution historically has not played an integral role in British trademark law. Although some passing off cases sounded very much like dilution cases, the results of the passing off cases are not consistent301 and the numbers are not sufficient to demonstrate that dilution was an important facet of British law. Under the 1938 Trade Marks Act, there was no provision for a dilution claim. The 1994 Act is really the first explicit attempt to

300. An unwillingness to give broad protection can also be found in another area of Canadian trademark law—protecting product configurations. In Thomas & Betts, Ltd. v. Panduit Corp. [1997] 74 C.P.R.3d 185 (Fed. Ct. T.D.) (this case is apparently on appeal to the Federal Court of Appeal, see Kirkbi AG v. Ritvik Holdings Inc., 81 [1998] C.P.R.3d 289, 302 (Fed. Ct. T.D.)), the Federal Court dismissed an action claiming, inter alia, a trademark in the shape of the head of a nylon cable tie. Among other things, the court (citing various U.S. cases) noted that where the plaintiff had a patent on its product that had expired, it would be inappropriate to permit the use of trademark law to extend the patent. See id. at 198. Nor would the court permit the plaintiff to "rely on any distinctiveness its dress up may have acquired during the period of the monopoly to deny the public the full use of the invention disclosed in its expired patent." Id. at 199. A later Federal Court case, however, has noted that, to some extent, the Thomas & Betts court relied on a U.S. district court decision between the same parties that was reversed on appeal. See Kirkbi AG v. Ritvik Holdings Inc., 81 C.P.R.3d at 302.

301. See discussion of cases supra Parts II.A. and II.D.2.
bring dilution into Britain's trademark regime. Thus, its courts are in unfamiliar territory when they confront the new statute.

Second, as discussed in the *Wagamama* opinion, the statute is primarily the product of the E.U.'s legislative process, not the ordinary British Parliamentary process. This means that interpretation is more difficult. Courts must attempt to discern E.U. policy, and may not be able to use ordinary interpretive devices.

Third, both the courts and the U.K. trademark office seem to comprehend that dilution is a potentially powerful form of trademark protection. As with many cases in the United States, they may recognize that prudence is necessary, lest dilution swallow up the traditional concern for consumer protection in favor of a pure property based regime, with no time limitation on the rights granted. In this regard, it is interesting to note that the few ECJ cases on this subject also have not interpreted the trademark Directive expansively. Rather, there seems to be a concern that dilution not be used in a manner that would undercut the competitive, free trade policies of the E.U.

Canada's dilution statute is much older than Britain's, and has a potentially broader reach—lacking the limitation of marks with a "reputation" and use "without due cause." Some of the cases under its dilution section, such as the union cases against management and the "Pierre Eh!" water parody, demonstrate this long reach. Nevertheless, Canada's *processes*, particularly regarding preliminary relief, temper the reach of the statute, as does the "use" requirement imposed by the *Clairol* opinion. These limits may reflect a broader concern that businesses not too easily be able to use injunctions under the statute to limit competition between businesses.302

From a U.S. perspective, what can be learned from these two legal regimes? Perhaps most importantly, we can see that it is not necessary for our courts and legislatures to believe that they must give far greater trademark protection lest the United States be seen as behind the times in the international circle of trademark protection. Our own federal dilution statute is still at an early stage in its interpretation, and we can watch the interpretation of other countries' statutes for interpretive clues and trends. Although the

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302. In this regard, it is interesting to note that unions (who are not business competitors, though they are adversaries) seemed to be less successful than ordinary competitors in staving off remedial measures—even if the remedy was for copyright violations. However, the cases discussed are hardly so numerous as to allow for satisfactory generalizations.
Baywatch case in the U.K. may have overstepped by imposing a requirement of confusion, the British trademark office appears to be making an attempt to implement the probable intent of the statute while avoiding the potentially overarching power of trademark dilution. Its decisions demonstrate that dilution indeed has limits. The Oasis registration opinion\textsuperscript{303} is notable here. The trademark office was unwilling to assume that the use of a well-known mark (EVEREADY) on unrelated products that might stir controversy—condoms and other contraceptives—would automatically cause harm to the better known user and its mark. Courts in the United States would do well to emulate that caution and not assume that other uses will cause dilution of a “famous” mark.\textsuperscript{304} Our courts also may wish to consider whether Congress intended to disrupt competitive structures when it passed the FTDA.

Whether U.S. courts would be willing to consider the Canadian model for preliminary injunctions is doubtful. But the Canadian courts’ continued adherence to the “use” limitation may be more evidence of caution similar to that shown in the British cases.

As the United States and United States-based mark owners venture more and more into the world market, we will need to be aware of trends and analyze them carefully. With dilution, we may wish to recognize that it is a two edged (and perhaps three edged) sword. Trademark protection serves a valid and useful purpose, both for consumers and sellers. On the other hand, over-protection is not in the public interest. Moreover, we should remember that U.S. companies are not the only trademark owners in the world and the strong rights we give to trademarks (which may be taken advantage of by foreign registrants under section 44 of the Lanham Act),\textsuperscript{305} and the rights granted by other countries to their mark owners, can be used against U.S. companies just as easily as they can be used in their favor. Thus, countries may eventually find it in their interests to temper the urge for strong mark protection in order to preserve local

\textsuperscript{304} The case of Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999), may be an example of that caution by requiring a showing of some actual evidence of harm. \textit{Id.} at 458-61; see also William Marroletti, \textit{Dilution, Confusion, or Delusion? The Need for a Clear International Standard to Determine Trademark Dilution}, 25 BROOKLYN J. INT’L L. 659 (1999) (arguing that Ringling should be applied internationally); \textit{but cf.} Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 223-25 (2d Cir. 1999) (rejecting the Ringling approach).
competitive interests. In any event, the evolution of international dilution standards is a process well worth following.