Trade mark dilution in Australia revisited: How far have we come?

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This article examines whether or not an anti-dilution remedy exists in s 120(3) of the Trade Marks Act 1995 (Cth) and whether such a remedy is desirable. It examines ambiguities surrounding key terms of the provision – “connection”, “well known”, and “relevant sector of the public” – in relation to the established concept of consumer “confusion”, and proposes that the current orthodoxy towards s 120(3) does not afford registered owners an appropriate level of legal protection.

I. INTRODUCTION

Trade marks overcome information asymmetry in the marketplace by informing consumers, via the marks themselves, or by the trade mark’s associative meanings about quality and reliability (in the case of re-purchasing), of goods or services. At the same time, a “brand” can, over time, come to embody the final product, whereby consumers are willing to pay a “premium” depending on their own experience, or on the experience of others. This “association” with the product forms the basis of consumer brand loyalty, as well as, playing an important role for new entrants attempting to compete in the same market with a well known mark. However, one should not discount the effect of associative ties between unrelated goods or services and a well known mark.

This article examines how “well known” trade marks in Australia are protected in a legal sense, and proposes that the interpretation of the current provisions of the Trade Marks Act 1995 (Cth) do not afford registered owners of well known marks an appropriate level of legal protection. Recently, this topic has received considerable academic attention, or “voluminous urgings” as one early commentator put it, in the United States (US) and European Union (EU), however, in Parts II and III,
this article for the most part will restrict itself to the Australian debate on well known marks, which seems to turn on the question of whether the Trade Marks Act requires “consumer confusion” to be present in order to satisfy the relevant infringement provision, s 120(3). Relevantly, s 120(3)(c) says that a well known mark must “be likely to be taken as indicating a connection between the unrelated goods or services and the registered owner of the [well-known] trade mark” (emphasis added). Next in Part IV, I attempt to challenge the current orthodoxy in Australia that s 120(3) is not an anti-dilution provision, nor is such a remedy desirable. I argue that special protection extended to registered owners who suffer trade mark dilution, even in the absence of consumer confusion, should be upheld, in line with both recent international developments and with the Trade Marks Act itself.

The concept of trade mark dilution first received widespread attention in 1927 in the guise of Frank Schechter’s article “The Rational Basis of Trademark Protection”. Opinions vary on the precise meaning of trade mark dilution, even though it is widely acknowledged that there are two current types of dilution – “blurring” and “tarnishment”. Schechter suggested that distinctive trade marks were likely to be harmed by third party use even in the absence of confusion. In an oft-quoted passage, Schechter described this harm as “the gradual whittling away or dispersion of the identity and potential for the value of the well known mark to be diluted as to the exclusive identifier of its goods or services. That is, there is dilution of the distinctive characteristics of the well known mark. Tarnishment, on the other hand, occurs when an infringer tarnishes the positive elements of, or associations with, a well known mark. As with blurring, consumers do not believe that the infringer’s mark would come to be associated with the registered owner, nevertheless, its use has a negative impact on the well known mark’s reputation with consumers. For a more detailed explanation, see McCarthy J, McCarthy on Trademarks and Unfair Competition (4th ed, looseleaf, Clark Boardman Callaghan) at 24.69, 24.70, 24.73, 24.89.

11 Schechter, n 9 at 825; see also Martino T, Trademark Dilution (Clarendon Press, Oxford, 1996) pp 3-4 (an engaging monograph that sketches the historical development of trade mark dilution, with an amusing account of an “alien intruder” tracing trade mark dilution’s arrival and gradual acceptance in the US, to encounters with “his older cousin, confusion [which] has consistently been mistaken for him”). Interestingly, the concept of trade mark dilution appears to have emerged in Germany a couple of years earlier than Schechter’s treatise, where the owner of the trade mark ODOL for mouthwash was granted removal of the same trade mark used in relation to steel railroad ties.
hold upon the public mind of the mark or name by its use upon non-competing goods”.

As consumers purchase (and repeat-purchase) goods or services over time, “brand capital” builds up in the trade marks of those companies that produce high quality or premium goods or deliver a high quality service. This is common across most sectors of the economy. Therefore, it is apparent that protection of brand capital (via the trade mark’s distinctiveness) has the effect of reducing consumer search costs, while providing trade mark owners with an incentive to register their marks in order to obtain a legal remedy against third party infringement.

At the same time, however, excessive legal protection for trade marks and brands can have the potential to exhibit anticompetitive effects by limiting the flow of information and distorting trade. This argument is often over simplified down to trade marks being legally protected (indefinitely, in most instances) monopolies which can raise barriers of entry and limit competition in a market. One balancing act, then, is between the complimentary aims to reduce consumer search costs and optimise the flow of information in the economy, and to curb any anticompetitive effects resulting from excessive legal protection to well known marks. As a consequence, there is a key economic trade-off associated with these potential monopoly effects, which should be taken into consideration by legislators and policy-makers, namely, barriers to entry, and the protection of private investment.

One of the central purposes of trade marks is to reduce consumer confusion about the source of goods or services. On the other hand, trade mark owners have a strong economic incentive to incorporate or project notions of exclusivity, superiority and uniqueness in or onto their products. These are in fact complimentary objectives in that distinctive trade marks or brands will by definition

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12 Schechter, n 9 at 825.
13 See Folie and King, n 3 at 89; Shapiro, n 2 at 659 (claiming that “the premium paid for the mark is presumably considered to be cheaper (on average) than searches would otherwise be”); Austin G, “Tolerating confusion about confusion: trademark policies and fair use” in Dinwoodie and Janis, n 4, p 374.
14 See Burrell R, “Trademark bueracracies” in Dinwoodie and Janis, n 4, pp 98-99 (argues that the advantages of trade mark registration, ie, in the form of incentives to trade mark owners, should only be desirable if the “trade mark system ultimately confers a benefit on the public”). A public benefit, in this instance, is in the value of the Register “as a source of information” to reduce the clearance costs associated with trade mark searches. Despite placing the onus on the Register to confer a benefit in terms of reducing search costs, its role should not be discounted as a legal recourse for trade mark owners against claims to ownership by licensees and third parties: see Brennan D, “The Trade Mark and the Firm” [2006] 3 IPQ 283 at 285.
15 Folie and King, n 3 at 93; see also Economides, n 1 at 533, where the author uses the expression “perception advertising” to explain how trade marks may distort the incentives of a competitive market; cf Bosland J, “The culture of trade marks: an alternative cultural theory perspective” (2005) 10(1) Media & Arts LR 99 at 110 (examination of trade marks and language, from a cultural theory perspective, in which Bosland argues that an appropriate dilution remedy may facilitate cultural dialogue by protecting a trade mark’s expressive function). See also Part IV for a discussion of the merits of introducing a dilution remedy.
16 Economides, n 1 at 532. For an economic analysis of how varying degrees of legal protection provided to trade marks have on the barriers to entry of a market, see Folie and King, n 3 at 86; cf Shapiro, n 2 at 661 (explaining how the role of reputation “need not carry with it any market power” per se, rather “reputation constitutes a cost of entry, but not necessarily a barrier to entry”).
17 See Dogan and Lemley, n 4, p 66; the authors suggest that one way to achieve an appropriate balance is for the trade mark law to grant rights to trade mark owners that are “less than absolute” (p 70); see also Richardson M, “Trade Marks and Language” (2004) 26 Syd LR 193 at 215: “broader rights against dilution, need not come at the cost to public access”.
18 See Economides, n 1 at 535; Folie and King, n 3 at 87.
19 Shanahan D, “Australia” in Mostert F (ed), Famous and Well-Known Marks: An International Analysis (Butterworths, London, UK, 1997) p 197. Folie and King, n 3 at 87, provide an economic perspective by arguing that trade marks overcome the “problems of adverse selection that can otherwise undermine market interactions”, citing Akerlof G, “The Markets for Lemons: Quality Uncertainty and the Market Mechanism” (1970) 84 Quarterly Journal of Economics 488 (in his seminal work, Akerlof considered a market for used cars where sellers know the quality of the cars they sell, but the buyers only know the distribution of quality).
20 See Assaf, n 5 at 649; Landes W and Posner R, “Trademark law: An Economic Perspective” (1987) 30 Journal of Law and Economics 265 at 269. As with Economides’ “unobservable features” idea (Economides, n 1), Shapiro, n 2 at 659, points out that when product attributes are difficult to ascertain prior to purchase, consumers rely on notions of quality derived from past purchases of the firm’s products as an indicator of present or future quality; see also Richardson, n 17 at 194-197.
lead to reduced consumer search costs. Consequently, it is reasonable to posit that any legislative measures which strengthen trade mark protection in this area will, in part, also provide consumer benefit with respect to reducing confusion and promote overall efficiency in the economy. As one author contends, “[t]he primary reasons for the existence and protection of trademarks are that (1) they facilitate and enhance consumer decisions and (2) they create incentives for firms to produce products of desirable qualities even when these are not observable before purchase”. This situation is perhaps best illustrated where low quality substitutes enter the market, adopting a similar mark to the well known mark and potentially leading to consumer confusion, either with respect to the origin of the goods or services or with an association between the defendant’s goods or services and those of the registered owners.

It should be remembered that trade marks are “signs” or signifiers designed precisely to enable the consumer to identify without confusion the origin of particular goods or services. Furthermore, well known marks are much more than source identifiers, they can represent values and ideas which consumers invest in as much as, sometimes, the registered owner. This “cultural expression” of trade marks is, over time, carefully built up by the registered owner by means of advertising and other marketing techniques that create associative links to the mark in the minds of consumers. Importantly, where a well known mark is used for goods or services in different fields of purchase or “trade channels”, this should not normally lead to consumer confusion. However, when a defendant uses the same or similar mark to identify their own goods and services, a new associative link to the well known mark may arise, thereby diluting the well known mark. Whether consumers are confused by this new association in such an instance is arguably a separate issue, one that I shall discuss in Part IV.

II. Section 120(3)

In Australia, s 120(3) of the Trade Marks Act provides protection for well known marks against infringement in relation to unrelated goods or services. Subsection (3) provides:

A person infringes a registered trade mark if:
(a) the trade mark is well-known in Australia; and
(b) the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to:
(i) goods (“unrelated goods”) that are not of the same description as that of the goods in respect of which the trade mark is registered (“registered goods”) or are not closely related to services in respect of which the trade mark is registered (“registered services”); or
(ii) services (“unrelated services”) that are not of the same description as that of the registered services or are not closely related to registered goods; and

21 Landes W and Posner R, Economic Structure of Intellectual Property Law (Harv UP, Massachusetts, 2003) pp 168, 207; see also Brennan, n 14 at 284. In distinguishing the interests of consumers and trade mark owners, Simon Phima (“Dilution by blurring”, n 5 at 72) makes a cogent point: “some may consider it significantly more palatable to protect trade marks in order to save consumers from wasting time and money in analyzing the qualities of goods rather than to protect trade marks in order to allow the owners of the said marks to retain a higher profit than they otherwise would”.

22 Economides, n 1 at 526.

23 The entry of low quality substitutes in this sense may be seen as harmful since there is “free-riding” effect on the well known mark’s reputation; see, generally, Bosland and Richardson, n 8, p 107.

24 Under Trade Marks Act 1995 (Cth), s 17: “[a] trade mark is a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person” (emphasis added).

25 Assaf, n 5 at 643.

26 See Richardson, n 17 at 194-195; Assaf, n 5 at 643; see also Bosland, n 15; cf Davison M, “Reputation in Trade Mark Infringement: Why Some Courts Think It Matters And Why It Should Not” (2010) 38 Fed L Rev 231 at 253 (cautions against introducing any evidence of a registered owner’s reputation in determining whether trade mark infringement has occurred under Trade Marks Act 1995 (Cth), s 120).

27 Assaf, n 5 at 656.
because the trade mark is well-known, the sign would be likely to be taken as indicating a connection between the unrelated goods or services and the registered owner of the trade mark; and

(d) for that reason, the interests of the registered owner are likely to be adversely affected.

Two sets of authors of leading Australian texts on the subject have recently stated that the precise meaning of s 120(3) appears to be unclear, and controversial. One of the authors’ key concerns is that there has been insufficient judicial determination of the provision. However, other observers have suggested that many of the commentators expressing similar views are waiting for legislative reform, and for further guidance from the courts, before positing more decisive conclusions on the meaning of s 120(3). More recently, a further view is emerging in which the interests of consumers may be served by the recognition of an anti-dilution remedy.

Section 120(3) and (4) was introduced to the 1995 Trade Marks Act to comply with Australia’s obligations under Art 6 of the Paris Convention, and Art 16(2), (3) of the TRIPS Agreement. Article 16(2), (3) provides:

16(2) Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark [emphasis added].

16(3) Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

It should be remembered that the TRIPS Agreement only sets forth a minimum standard of protection that WTO members must provide; therefore, there is nothing preventing Australia to offer greater protection for well known marks. Although the concept of special protection for well known marks may well have been newly introduced to Australian legislation, international jurisprudence dealing with well known marks has existed since the 1920s. Since 1995 there have been two distinct and opposing interpretations of the infringement provision. The first interpretation is that s 120(3) is a particular form of “passing off” or misleading and deceptive conduct under the Competition and Consumer Act 2010 (Cth). The second interpretation is that s 120(3) has the potential to offer anti-dilution protection to registered owners beyond the goods or services for which they are registered, and regardless of any possible confusion or deception on the part of consumers.


29 For example, Richardson (n 17 at 220) has commented that protection against trade mark dilution by blurring or tarnishment should be provided for by legislative reform. The author argues that this would enable registered owners some level of control over how their trade marks are used.

30 For a contemporary discussion about the consumer interest justifications of an anti-dilution remedy, see Lux, n 7 at 1059; see also, Simon Fhima, “Dilution by blurring”, n 5 at 71-72, where the author discusses that it is in the interests of consumers to retain “search costs at as low a level as possible”. For a counter discussion on the subject, see Austin, n 13.


32 Agreement on Trade-Related Aspects of Intellectual Property Rights (Annexure 1C of the Marrakesh Agreement Establishing the World Trade Organization (1994); see also, Lahore J, Patents, Trade Marks and Related Rights (LexisNexis, subscription service) at [56,250].

33 See TRIPS Agreement, Art 1(1)

34 See Martino, n 11, Ch 1.


divergence between these two readings is further complicated by the fact that concurrent actions for passing off and trade mark infringement are available to a registered owner.37

For protection to be extended to a “registered owner” under s 120(3), the owner must first prove that their trade mark is well known in Australia (s 120(3)(a)).38 Although the term “well known” is not defined in the Trade Marks Act, some guidance is provided by s 120(4), which states: “In deciding, for the purposes of paragraph (3)(a), whether a trade mark is well known in Australia, one must take account of the extent to which the trade mark is known within the relevant sector of the public, whether as a result of the promotion of the trade mark or for any other reason” (emphasis added). Section 120(4) was adopted directly from Art 16(2) of the TRIPS Agreement, which provides the basis of inquiry into whether a trade mark is well known. According to de Carvalho, Art 16(2) “does not, nor was it designed to, provide for a complete definition of well-known marks”.39 Nevertheless, to assist national courts to identify well known marks, the World Intellectual Property Organization (WIPO) issued a non-binding “Joint Recommendation” in 1999 that has been described by one commentator as “soft law” mandating dilution protection.40 Acknowledging the Joint Recommendation’s lack of legislative force in Australia, Lahore, all the same suggests that “it is reasonable to assume that it will be of assistance in interpreting subs 120(3)”.41

Significantly, whether a mark is well known in Australia is a threshold question for an injunction to be granted under s 120(3).42 Furthermore, a trade mark may qualify as a well known mark only with reference to a “relevant sector of the public”; however, “relevant sector” is not defined in either the TRIPS Agreement or the Trade Marks Act. Davison, Berger and Freeman state that it would “not be unreasonable to assume that … it must be the purchasers of the defendant’s goods who are the relevant sector of the public for the purposes of s 120(4)”.43 Despite this observation, a closer reading of s 120(4) (and Art 16(2)) reveals a lesser requirement in that a well known mark need only be “known” within the relevant sector, which may invite a broader inquiry than just the defendant’s actual market.44 Therefore, the registered owner will only need to prove some level of recognition or association, as opposed to actual consumption, of the defendant’s goods or services.45 Of course, if the extent to which a trade mark is “well known” is subject to determining the market’s parameters, and

37 Davison, n 26 at 234. In cases where registered owners are uncertain as to how the courts will interpret Trade Marks Act 1995 (Cth), s 120(3), using Competition and Consumer Act 2010 (Cth), s 18 of Sch 2 in the alternative, may advantage the registered owner since the legal test under s 120(3)(d) – “likely to be adversely affected” – need not be proved: see Lahore, n 32 at [56,260].

38 A registered owner is by definition an owner of a registered trade mark “whose particulars are entered in the Register”: see Trade Mark Act 1995 (Cth), s 6.


42 See Hills Industries Ltd v Bitek Pty Ltd (2011) 90 IPR 337 at [357]-[358].

43 Davison, Berger and Freeman, n 35 at [85,780], [85,795]; see also Lahore, n 32 at [56,260]. Some further guidance is provided by WIPO’s Joint Recommendation. Relevantly, Art 2(2)(a)(i) states: “(a) Relevant sectors of the public shall include, but not necessarily be limited to: (i) actual and/or potential consumers of the type of goods and/or services to which the mark applies”. In discussing Art 16(2), de Carvalho (n 39 at [16,27]) says if “knowledge acquired by promotion is sufficient, there is no need for the knowledge be acquired as a result of the actual consumption of the product (or service)”.

44 Davison, Berger and Freeman, n 35 at [85,780]; cf Solahart Industries Pty Ltd v Solar Shop Pty Ltd (No 1) (2010) 88 IPR 337 at [14], Perram J in an interlocutory proceeding stated “[t]here will … be cases where a trader occupies a dominant position in a market with which the general population has no familiarity at all [with the mark] … In such cases it is easy to imagine a substantial reputation inhering in a trade mark without that mark being ‘well known’.”
there is ambiguity about the “relevant sector of the public” for the goods or services in question, it may prove more difficult to satisfy the “connection” element under s 120(3)(c).46

Assuming that a trade mark is granted well known status, then the second element of s 120(3) to satisfy involves a two step examination47 to see whether the defendant’s mark was used as a trade mark, and whether the defendant’s sign is substantially identical with or deceptively similar48 to the well known mark in relation to “unrelated goods or services”.49 The expression “use as a trade mark” is fundamental to trade mark infringement in Australia generally, which takes its meaning from s 17 of the Trade Marks Act.50 More specifically, the infringing conduct is the defendant using its trade mark “as a means of differentiating its goods from other goods”.51 In the context of s 120(3), the Full Federal Court in Coca-Cola Co v All-Fect Distributors Ltd (1999) 96 FCR 107 at [28]; 47 IPR 481 stated that “use as a trade mark” is a separate inquiry from any consideration of the plaintiff’s mark, or a comparison of the conflicting marks.52 The Full Court relied upon the High Court’s decision in Shell Co (Aust) Ltd v Esso Standard Oil (Aust) Ltd (1963) 109 CLR 407 at 422; 1B IPR 523 at 532, where Kitto J stated:

not every use of a mark which is identical with or deceptively similar to a registered trade mark infringes the right of property which the proprietor of the mark possesses in virtue of the registration … use which is there referred to is limited to use of a mark as a trade mark [emphasis added].

Finally, the concept of “unrelated goods or services” is relative, that is, one of degree.53 However, under the vague doctrine of unrelated goods or services, the more related the goods or services are, the more likely it is for the other infringement provisions of s 120 to be satisfied, namely, subs (1) or (2).54 Therefore, unless the defendant’s goods or services are clearly unrelated, an alternative assessment may be necessary to determine the similarity of goods or services before attempting to establish s 120(3).55

The third (and most contentious) element of s 120(3) to satisfy is whether the defendant’s goods or services indicate a “connection” with the registered owner.56 It has recently been remarked that the inclusion of the term “connection” in s 120(3) appears to adopt a dilution-style language when

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46 Davison, Berger and Freeman, n 35 at [85.795]. In addition, the authors also suggest that “in practice each case will turn on its own facts and circumstances”: (emphasis added)

47 According to Davison, n 26 at 238, the courts in Shell Co (Aust) Ltd v Esso Standard Oil (Aust) Ltd (1963) 109 CLR 407; 1B IPR 523 and Coca-Cola Co v All-Fect Distributor Ltd (1999) 96 FCR 107; 47 IPR 481, both stand for the proposition that “trade mark use is an entirely separate concept from substantial identity or deceptive similarity”.

48 “Substantially identical” and “deceptively similar” are well established concepts from Australian case law and the Trade Marks Act 1995 (Cth), s 120(3)(c).

49 A cautionary note to this should be made. In two Australian cases, the judges considered the trade marks “well known” on the basis that the defendant’s use was likely to indicate a connection to the registered owner: Lone Star Steakhouse and Salon Inc v Zurcas (2000) 48 IPR 325; San Remo Macaroni Co Pty Ltd v San Remo Gourmet Coffee Pty Ltd (2000) 50 IPR 321. This approach, however, disregards the threshold test in Trade Marks Act 1995 (Cth), s 120(3)(a) discussed above, and makes an incorrect assumption that the defendant’s actions are in some way connected for a trade mark to be considered “well known”: see Davison, Berger and Freeman, n 35 at [85.785].

50 This statutory requirement has been described as functioning similar to the “First Amendment” in US trade mark cases by Loughlan P, “Protecting culturally significant uses of trade marks (without a First Amendment)” (2000) 22(7) EIPR 328 at 331. See also, Dogan and Lemley, n 4 at 81, where the authors maintain that the trade mark use doctrine “helps to ensure that trademarks rights remain tied to their search costs rationale”.

51 Davison, n 26 at 235.

52 See also Davison and Di Giantomasso, n 5 at 446.


54 Davison, Monotti and Wiseman, n 28, p 152.

55 Davison, Berger and Freeman, n 35 at [85.790].

56 See Trade Marks Act 1995 (Cth), s 120(3)(c).
compared to a “confusion” basis of liability for infringement. The emphasis on the defendant’s “goods or services” is an important one, as Davison, Berger and Freeman identify, since “the sign would be likely to be taken as indicating a connection between the unrelated goods or services and the registered owner” (emphasis added), and not between the trade mark used by the defendant and the registered owner. Curiously, if this sentence were to be read literally, as de Carvalho points out, it would make no sense since very few well known marks actually identify their registered owners. As a consequence, we will assume that a well known mark only designates a link to its registered owner. Much of this third element turns on the meaning of the word “connection”. There are two proposed interpretations of “connection” put forward by commentators. The first interpretation is consistent with s 120(3) being identified as the equivalent of an action for passing off. The second interpretation is consistent with s 120(3) being an anti-dilution remedy for registered owners. The following part considers these two interpretations in further detail.

III. PASSING OFF V ANTI-DILUTION

A. Passing off interpretation

The first interpretation, that s 120(3) is equivalent to an action in “passing off”, relies on the proposition that consumers would look at a sign and assume there is a connection with the registered owner. The essential inquiry to be made is whether, in all of the circumstances, the defendant’s conduct constitutes a “misrepresentation” that is likely to injure the registered owner. This scenario will most likely arise where the defendant’s mark is identical or substantially identical to the well known mark. In this instance, any consumers who are aware of the well known mark may then assume one or more connections between the defendant’s goods or services and the registered owner.

A converse application of this interpretation arose in Coca-Cola. While the infringing mark was deceptively similar to the shape of the Coca-Cola bottle design, it was found not to be substantially identical (Coca-Cola at [38], [42]). It follows that the differences were such that consumers would most likely not believe Coca-Cola’s brand extension to the confectionery market. As a consequence, it would be more probable that consumers would assume that there was some form of “free-riding” off the well known mark’s reputation. Remarkably, the European Court of Justice (ECJ) in L’Oreal v Bellure [2009] ECR I-5185, held recently that “free-riding” off a reputation enjoyed by a trader’s mark, is actionable per se. The ECJ stated (at [50]) that the defendant must not, “ride on the coat tails of [a] mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark”. Compare this approach to a recent practice by traders called “keyword advertising” – the use of sponsored links that appear adjacent to the organic (or neutral) search results.

57 See Bosland and Richardson, n 8, pp 114-115.
58 Davison, Berger and Freeman, n 35 at [85.795]; see also, Burrell and Handler, n 7, pp 353-354.
59 De Carvalho, n 39 at [16.47]. According to Schechter, n 9 at 814, since the beginning of modern trade and advent of international distribution networks “the source or origin of the goods bearing a well known trademark is seldom known to the consumer”; at 817, he observes that “while the consumer does not know the specific source of a trademarked article … [the consumer] nevertheless knows that two articles, bearing the same mark, emanate from a single source”.
60 See Lahore, n 32 at [56,250].
61 Davison, Monotti and Wiseman, n 28, pp 152-154.
62 See Lahore, n 32 at [56,250].
64 There are three recognised types of connections in this context: (1) “Brand extension”: the registered owner has expanded to new products or services; (2) “Licensing arrangement”: the registered owner has entered into an authorised use agreement; and (3) “Strategic alliance”: the registered owner has entered into a strategic alliance with another company or manufacturer in order to produce the goods or offer the services.
65 For a detailed discussion on this subject, see Lemley M, “Property, Intellectual Property and Free Riding” (2005) 83 Texas LR 1031.
66 For a criticism of the ECJ’s decision, see Gangjee D and Burrell R, “Because You’re Worth It: L’Oreal and the Prohibition on Free Riding” (2010) 73(2) Mod LR 282.
when users enter a keyword into an internet search engine. As one author has noted, this may come near to trade mark dilution due to the free-riding of the investment of others.\(^{67}\) Unfortunately, discussion about trade mark dilution and the digital environment is beyond the scope of this article.

**B. Anti-dilution approach**

The underlying premise of an anti-dilution remedy is that infringement of a well known mark can occur even when there is no confusion or deception among consumers.\(^{68}\) The rationale for an anti-dilution remedy, therefore, resembles a property-based approach or for some observers an “absolute property right” to trade marks, which implies that well known marks are a valuable asset that the owner has a right to protect.\(^{69}\) Despite these calls that an anti-dilution law grants “rights in gross” to registered owners, it must be remembered that ownership is not in the subject matter of the trade mark right, but in the trade mark right itself.\(^{70}\)

It is the well known mark’s capacity to attract consumers’ attention via its “persuasive” function, as opposed to indicating a source of origin, that is being protected by an anti-dilution interpretation of s 120(3).\(^{71}\) This interpretation is consistent with international developments over the past few decades, including judicial acceptance of more expansive trade mark rights.\(^{72}\) The expansion of trade mark protection, in general terms, comprises a movement away from a “confusion-based” definition of infringement (as to origin) towards a broader “dilution” definition, which has the potential to preclude all unauthorised use of the trade mark that reduces a mark’s distinctiveness.\(^{73}\) Significantly, there is no guidance in s 120(3) to indicate that associating a trade mark to an “origin” is the only connection that results in infringement.\(^{74}\)

The difficulty of interpreting the word “connection” under s 120(3) is revealed by the small number of decisions involving “defensive” trade marks by a delegate of the Registrar.\(^{75}\) Defensive trade marks are registered in respect to goods or services for which there is no requirement to use the trade mark for the particular class(es) of defensive goods or services, and which cannot be subject to removal for non-use.\(^{76}\) The purpose of a defensive registration is to prevent infringement of a well known mark in respect to goods or services it was not originally filed in. For a defensive registration to be granted under s 185 of the Trade Marks Act, the applicant is required to demonstrate that use of the mark would likely be taken to indicate a connection between the defendant’s goods or services and

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\(^{67}\) Psaroudakis G, “In search of the trade mark functions: keyword advertising in European law” [2012] 34(1) EIPR 33, provides an EU perspective on this issue.

\(^{68}\) See Davison, Monotti and Wiseman, n 28, p 149; McCarthy (looseleaf), n 10 at 24:67.


\(^{70}\) See Spence, n 1 at 494; McCarthy (looseleaf), n 10 at 24:11.

\(^{71}\) See Scott D, Oliver A and Ley-Pineda M, “Trade marks as property: a philosophical perspective” in Bently et al, n 2, pp 293-294: one of the concerns that the authors make about the interrelation between the traditional trade mark function (as a badge of origin) and the “persuasive” function of a trade mark, is that trade mark law is being “stretched” and constitutes an extension of trade mark law to brand protection.

\(^{72}\) See Lury C, “Trade mark style as a way of fixing things” in Bently et al, n 2, p 211; McCarthy (looseleaf), n 10 at 24:68; Bosland and Richardson, n 8, pp 120-123.

\(^{73}\) See Lahore, n 32 at [56,260]; Davison, Berger and Freeman, n 35 at [85.795].


\(^{75}\) See Trade Marks Act 1995 (Cth), ss 185(2), 186 and Pt 9 (s 185(2) provides: “[a] trade mark may be registered as a defensive trade mark in respect of particular goods or services even if the registered owner does not use or intend to use the trade mark in relation to those goods or services”).
the registered owner. It is not sufficient for the registered owner to show a reputation, they need to
demonstrate that the reputation has “spilled over” to other goods or services to such an extent that
consumers would conclude that the registered owner has expanded to those particular goods or
services.77

A registered owner may be denied a defensive registration on the basis that its reputation is
specific to particular goods or services, and therefore consumers would be less inclined to infer any
brand extension.78 Conversely, if the well known mark has been used across a variety of goods and
services, then the prospects of being granted a defensive registration improve.79 In this context,
Davison, Monotti and Wiseman suggest that this interpretation of the term “connection” in s 185 of
the Trade Marks Act could be extended to s 120(3), and vice versa.80

Significantly, the term “connection” is not in fact defined in s 120(3)(c) or elsewhere in the Trade
Marks Act. The necessary “connection” requirement in s 120(3) could simply be that the defendant’s
sign calls the well known mark to the mind of the consumer, forming a “mental association” between
the unrelated goods or services and the registered owner.81 Adopting this approach means that it is
sufficient, for the purposes of establishing a “connection”, that the consumer simply recalls the well
known mark upon viewing the defendant’s goods or services.82 According to Mostert and Stevens, the
term “connection” indicates “something less than actual deception or confusion”, therefore they argue
that s 120(3) is effectively an anti-dilution remedy.83

The final element that must be examined under s 120(3) – whether the interests of the registered
owner are likely to be “adversely affected” by the defendant’s use of a similar mark – is also
problematic. A similar issue was raised by the US Supreme Court in Moseley v V Secret Catalogue,
Inc 537 US 418 at 433 (2003) (Victoria’s Secret), where the court held that if the conflicting trade
marks are “not identical” further evidence from the owner of “actual dilution” is needed.84 It could be
argued that proving this fourth element depends, in part, on whether s 120(3) is interpreted as a
passing off provision or as an anti-dilution remedy. In terms of passing off, the “adverse affects”
may include loss of opportunity, loss of licensing fees or loss of custom. Furthermore, if the alleged
infringing item is of inferior quality, consumers may have less regard for the goods or services sold
under the well known mark. On the other hand, if s 120(3) is interpreted as an anti-dilution remedy,
then, it could be argued that an adverse affect will almost always ensue. It has been remarked that it
would be unlikely that the registered owner’s interests were not in some measure adversely affected if
the other elements of s 120(3) described in Part II (above), were proven to exist.85

Indeed, various commentators and courts have argued that the term “adversely affected” contained
in s 120(3)(d) has a broad meaning which would encompass damage to reputation of the registered
owner, as well as, loss (not limited to financial loss) of opportunity to engage in brand extension.86 At
the very least, a registered owner who has been denied licence fees from the defendant, or loss of
control over the nature of the well known mark’s use, would be adversely affected. Therefore, what

77 See Davison, Monotti and Wiseman, n 28, p 87; IP Australia, Trade Marks Office Manual of Practice and Procedure (IP
Australia, November 2011), Pt 34(7).
78 See, generally Trade Marks Act 1995 (Cth), s 187; Re Application by Ferodo Ltd (1945) 1B IPR 489 at 492 (“the more
special in character those goods are and the more limited their market, the less likely will be the inference” of brand extension).
79 Davison, Monotti and Wiseman, n 28, p 88.
80 Davison, Monotti and Wiseman, n 28, p 154. IP Australia’s Hearing Officer T Williams arrived at a similar conclusion in Re
81 See McCarthy (looseleaf), n 10 at 24:116.
82 McCarthy (looseleaf), n 10 at 24:116.
84 See also McCarthy “The American experience”, n 10 at 78-80.
85 See Davison, Monotti and Wiseman, n 28, p 155.
86 See Lahore, n 32 at [56,265]; Nike International Ltd v United Pharmaceutical Industries (Aust) Pty Ltd (1996) 35 IPR 385;
IPR 28.
constitutes “likely to be adversely affected” will practicably be a matter for the courts to decide. Perhaps, some guidance could be taken from the US decision in *Victoria’s Secret*, whereby the test should not be so broad as to extend to “non-identical” marks, unless the registered owner is able to provide evidence of “actual dilution”.

Arguably, the most difficult issue in relation to the dilution concept is assessing the weakening of the distinctive qualities of a trade mark. This issue was addressed in *Victoria’s Secret*, but the court left the question open as to whether it was sufficient to supply evidence of tarnishment, or the only fitting evidence is direct evidence of “dilution of the distinctive quality of a trade mark or trade name” (at 432). In this context, registered owners of well-known marks (as well as owners of ordinary marks) also need to be mindful of the possibility of diluted well-known marks becoming “generic”. It seems ironical then, that the prospect of a well-known trade mark becoming genericised only proves that trade mark law provides a form of insurance against any detrimental monopoly effects of a well-known mark.

### IV. Does Australia have an anti-dilution remedy?

The notion that s 120(3) requires proof of a likelihood of confusion appears to be the only basis for Australian commentators asserting that it is not an anti-dilution remedy. Unfortunately, this appearance of consistency has not been a feature of similar jurisprudence elsewhere. One of the practical difficulties with extending protection to owners of well-known marks lies with providing evidence of “actual” dilution. Furthermore, by requiring a finding of confusion as to the source, s 120(3) is limiting its protection to the “identifying function” of the trade mark.

On the other hand, Gonsalves and Flynn have suggested that s 120(3) does in fact provide an anti-dilution remedy in Australia, on the basis that “connection” does not equate with “confusion”, as I have discussed above. Stevens has argued that s 120(3) does not provide a “direct” anti-dilution remedy and that the connection element under s 120(3)(c) requires some consumer confusion. However, this view is contrary to his first exposition on the subject in an earlier co-authored article:

> Since indicating a connection appears to be something less than actual deception or confusion, and given that the section specifically refers to the use of the trade mark in relation to unrelated goods, it is not unreasonable to argue that s 120(3) may herald the introduction of statutory protection against the dilution of well-known trade marks.

The respective commentators also address the comments made by the High Court in *Campomar Sociedad Limitada v Nike International Ltd* (2000) (2000) 202 CLR 45 at [42]-[43]; 46 IPR 481, where the court suggests the possibility of an anti-dilution remedy in terms of the “distinctive

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87 See Stevens T, “Dilution in Australia: waiting in the wings” (2004) 16(8) AIPLB 129 at 130; McCarthy (looseleaf), n 10 at 24:118.

88 See also, Bosland and Richardson, n 8, p 119.

89 See *Trade Marks Act 1995* (Cth), s 24. See also Butters, n 5 at 515.

90 Economides, n 1 at 538.

91 See eg, Handler, n 7; Baird, n 7.

92 See Bosland and Richardson, n 8, pp 117, 118; McCarthy “The American experience”, n 10 at 78.


94 Stevens, n 87 at 129.

95 Mostert and Stevens, n 83 at 84.
qualities” of a well known mark. In doing so, it was recognising the “shifting nature of legislative protection” afforded to the “separate interests of traders and consumers”. The High Court stated (at [42]):

There is the interests of consumers in recognising a trade mark as a badge of origin. There is the interests of traders, both in protecting their goodwill through the creation of a statutory species of property protected by the action against infringement and in turning this property to valuable account by licensing or assignment …

In this decade, legislation in the United States, the United Kingdom, and now in Australia to varying degrees has extended the infringement action to restrain activities which are likely adversely to affect the interests of the owner of a “famous” or “well-known” trade mark by “dilution” of its distinctive qualities or of value to the owner.

And further (at [46]): “trade marks may play a significant role in ordinary public and commercial discourse, supplying vivid metaphors and compelling imagery disconnected from the traditional function of marks to indicate source or origin of goods”. Despite these comments by the High Court, they were made obiter dicta and have been largely dismissed by commentators, but not before the High Court recognised that the legislative intention in this area represents protection to owners of well known marks “beyond the traditional role as an identifier of origin” (at [43]).

The lack of judicial guidance on s 120(3) since its introduction to Trade Marks Act, has resulted in only a handful of court decisions, mainly interlocutory in nature, that have briefly considered s 120(3). Only the Federal Court’s decision in Solarhart Industries Pty Ltd v Solar Shop Pty Ltd (2010) 88 IPR 337 at [9]-[19] provides any discussion on the possible application of s 120(3). It therefore appears that this issue, from a doctrinal perspective, of whether s 120(3) provides an anti-dilution remedy remains unresolved.

On this point, Handler has said that the High Court is attempting to draw a distinction between dilution as a type of harm which may arise with or without confusion and a specific anti-dilution measure whose operation does not require consumer confusion. As Handler contended, the High Court appears to be suggesting that s 120(3) has the effect of affording anti-dilution protection but the problem is that the High Court “did not indicate whether this effect is incidental upon a finding of confusion … the fact remains that the High Court’s unelaborated treatment of dilution over the course of its judgment is unclear”. A possible explanation for judicial distrust of the dilution concept may stem from some academic commentators who have criticised it as “inviting abuse by monopoly-inclined interests”; however, a more plausible explanation is that there has been a failure to articulate the key terms of the provision or apply a “plain language reading” to s 120(3), coupled with the difficulty of furnishing evidence of “actual dilution”.

Gonsalves and Flynn argue that the requirement of “taking as indicating a connection” does not necessarily connote an equivalent requirement of confusion or mistaken connection on the basis that

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96 See Richardson, n 17 at 218; Loughlan, n 69 at 278; Bosland, n 15 at 109; Bosland and Richardson, n 8, p 117.
97 See Handler, n 7 at 275. In an earlier article, Loughlan in addressing these separate interests coined Campomar as “one of a trinity of interests to be protected (consumer, trader and public) by trade mark law and a trinity of trade mark functions (badge of origin, piece of private property and cultural resource)”: Loughlan P, “The Campomar model of competing interests in Australian trade law” [2005] 27(8) EIPR 289 at 289. See also, Richardson, n 17 at 218.
98 See Handler, n 7 at 39-40; Davison, Monotti and Wiseman, n 28, p 150; Baird, n 7 at 42.
100 See Handler, n 7 at 40.
101 Handler, n 7 at 40.
102 See Pattishall, n 5 at 626; McCarthy “The American experience”, n 10 at 71; Bosland and Richardson, n 8, p 119.
there are different types of connections. Gonsalves and Flynn suggest that the connection requirement would be met when the defendant’s mark in question “evokes a mental association” in the consumer between the defendant’s mark and the well known mark. It should be noted that there is nothing in s 120(3) which requires that “connection” means “mistaken connection”, and obviously a mental connection falls short of a mistaken connection, but it is a connection nonetheless.

If one rejects the idea that s 120(3) is an anti-dilution remedy then this may allow for a defendant to “free ride” on the goodwill of the well known mark, and therefore encroach on the registered owner’s statutory right. As Schechter states, the ability of a trade mark to convey meaning is diminished if the trade mark is adopted by more than one trader. It is accepted that a wide array of legal remedies are already available to registered owners in Australia. If confusion cannot be established in cases where the defendant is adopting a similar trade mark, a registered owner may be protected by an action of passing off, or a breach of the Competition and Consumer Act 2010 (Cth), s 18 of Sch 2. This array of remedies appears to be Stevens’ main contention for not introducing anti-dilution legislation in Australia, along with a plea to “advocates for anti-dilution laws” to articulate how such laws would be implemented.

From another perspective, it has been argued that the “meaning” of a trade mark could be destroyed through blurring or tarnishment, which could undermine and diminish its capacity to act as a badge of origin or reduce consumer search costs. Along similar lines, it could be further argued that consumers need to see stability of trade mark meanings in order to maintain the exchange of information, thus retaining a relative stable denotative structure. Given these concurrent arguments, there appears to be good reason then to protect the “cultural value” of trade marks. Since this cultural value is best exhibited when a well known mark creates certain connotative meanings, it is reasonable to ask that such protection should be afforded against the blurring or tarnishment of these connotative associations. Dilution, therefore, in either of its two forms affects the “associative links” created by well known marks, in addition to, their capacity to inform consumers about the origin and quality of the goods or services.
Although Stevens submits that the connection requirement reflects a likelihood of confusion, he leaves open the possibility of trade mark protection against dilution by stating “it is possible to contend that the provision might have that [protection] indirectly”. Stevens, n 87 at 129.

Handler, by contrast, points out that the earlier inquiry of s 120(3)(b) – the test for deceptively similar trade marks – contemplates a “global inquiry” into the differences between the plaintiff’s and defendant’s trade marks. Therefore, Handler argues that when dealing with deceptively similar trade marks, it appears to incorporate a requirement of confusion even before considering the meaning of “connection” in s 120(3)(c).

However, on the issue of whether the defendant’s trade mark is “substantially identical”, Australian courts have focused on a side-by-side comparison, rather than on questions of likelihood of deception, or confusion. On this point, Handler admits that, where a defendant uses a substantially identical trade mark in relation to unrelated goods or services, “s 120(3) might be a specific anti-dilution measure”. If this, however, remains the prevailing view taken by courts and commentators alike, it does not address the issue of trade mark dilution in relation to well known marks, nor the potential damage caused to registered owners in terms of reputation or sales. Bear in mind that as an anti-dilution remedy will, according to McCarthy, apply “only in unusual and extraordinary cases” and is not meant as a “fits all cases” legal solution, it then seems a reasonable exercise in “judicial completeness” to seek elucidation on the subject. McCarthy, n 7 at 747.

In a recent conversation with a senior trade marks examiner from IP Australia, this author was informed that there is no recording, either on the official Register or internally at IP Australia, of which trade marks shall receive the extended scope of legal protection provided by s 120(3). Prominent US commentator, J Thomas McCarthy, remarks that the same exists in the US where there is no “special register” for well known trade marks. Despite the position in Australia and US, there are a number of countries (eg, Japan, People’s Republic of China, Russian Federation, Ukraine, Finland and the Czech Republic) who have created some type of “listing regime” for well known trade marks. In an early submission to the Advisory Council on Intellectual Property (ACIP), IPRIA raised the question of whether Australia should adopt a register of well known trade marks. It concluded that consideration be given to adopting a register of well known marks, and at the very least address the “relationship between the defensive trade marks register and sub-section 120(3) … in order that the register can function properly”. Whether a trade mark is considered to be well known under s 120(3) is, by default, a matter to be determined by the courts, albeit a question of fact, not law.

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116 Stevens, n 87 at 129.
118 Handler, n 7 at 42.
119 Davison, Monotti and Wiseman, n 28, p 155.
120 Davison, Monotti and Wiseman, n 28, p 155.
121 This is not to suggest that evidence of a registered owner’s reputation should be permissible or given any weight in an infringement action, rather it should form part of a separate inquiry into whether it is desirable to extend anti-dilution protection to well known marks: see, Davison, n 26.
122 McCarthy, n 7 at 747.
123 McCarthy “The American experience”, n 10 at 75.
124 See Lui K, Tao X and Wang E, “The use and misuse of well-known marks listings” (2009) 40(6) Int’l Review of IP & Competition Law (IIC) 685 at 697; the authors conclude, however, that a database of “Well-known Marks Cases”, instead of one of the identified listing regimes would be preferable due to potential abuse by right holders.
125 IPRIA, n 36 at 4.2.3.
126 IPRIA, n 36 at 4.3.
This leaves “market late-comers” seeking a new trade mark registration uncertain as to whether a particular trade mark is well known, and as a consequence face the potential risk of infringement.\textsuperscript{127}

It is ironic in this debate, then, that Burrell and Handler argue that defensive registrations would be a more suitable means for registered owners to protect against trade mark dilution.\textsuperscript{128} But how can registered owners know in advance precisely what protection they need? In particular, how are Trade Mark Office examiners supposed to know whether “consumers are likely to make the relevant connection between similar marks used on dissimilar goods”?\textsuperscript{129}

If we ignore for a moment these obstacles for registered owners, there is good cause, at least from a public benefit point of view, for registered owners to rely on defensive registrations over that of an anti-dilution remedy. Having a defensive registration visible on the Trade Marks Register will serve two purposes, namely, it allows for prospective applicants to view the nature of the Register from time to time to identify any earlier similar trade marks, and in much the same way, it allows examiners an opportunity to identify earlier similar trade marks at examination and raise any objections accordingly. Interestingly, many registered owners of well known marks do not own defensive registrations of their marks.\textsuperscript{130} This is partly due to historical factors to do with the narrow interpretation of the Trade Marks Office of the relevant provisions.\textsuperscript{131} Even though it is widely accepted that the defensive registration system is under-utilised, defensive trade marks are able to be searched on the Register.\textsuperscript{132}

The question that remains is whether it is in the public benefit to extend trade mark protection to encompass an anti-dilution remedy or, are we “yielding to the demands of trade mark owners by focusing on the commercial value of trade marks” in this debate?\textsuperscript{133} In the most recent exposition on this topic in Australia, Baird continues the orthodoxy that the Trade Marks Act does not provide an anti-dilution remedy.\textsuperscript{134} That is, there must be a likelihood of confusion between defendant’s goods or services and the registered owner in order for an infringement to occur under s 120(3). Even in the face of this prevailing attitude, most jurisdictions have implemented an anti-dilution remedy in one form or another.\textsuperscript{135}

V. CONCLUSIONS

The scope of legal protection afforded to well known marks in circumstances where there is no actual confusion between the defendant’s goods or services and the registered owner has been an issue of debate in Australia for a considerable amount of time.\textsuperscript{136} In April 2004, the ACIP released recommendations, as part of a broader review into Australian trade mark system, which supported the view that “a full analysis of the legal and economic issues is required to determine whether further protection for well-known is warranted and, if so, the form and scope of that protection”.\textsuperscript{137} This same conclusion formed the central theme of IPRIA’s second submission in relation to the ACIP Review, reinforcing the need for further research into the current protection for well known marks under

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\item \textsuperscript{127} See Lui, Tao and Wang, n 124 at 685.
\item \textsuperscript{128} Burrell and Handler, n 5 at 715.
\item \textsuperscript{129} Burrell and Handler, n 7, p 748.
\item \textsuperscript{130} See Masterson J, “The practical value of defensive trade marks” (2006) 17 AIPJ 232 at 241.
\item \textsuperscript{131} See Elkington, Hall and Kell, n 75, p 287.
\item \textsuperscript{132} See Masterson, n 130; Burrell and Handler, n 7. As at 3 March 2012, there are 305 “pending and registered” defensive marks on the Register, with only 107 separate entities utilising the defensive registration system.
\item \textsuperscript{133} See Bosland, n 15 at 110.
\item \textsuperscript{134} See Baird, n 7.
\item \textsuperscript{135} See eg, \textit{Lanham Act}, 43(c) 15 USC 1125(c); \textit{Federal Trademark Dilution Act} (FTDA) (US); \textit{EU Trademark Directive, Article 4(a)}; \textit{Trade Marks Act 1994} (UK), s 5(3).
\item \textsuperscript{136} See eg, Richardson, n 17; Loughlan, n 69; Mostert and Stevens, n 83; Stevens, n 87; Gonsalves and Flynn, n 93; Handler, n 7; Baird, n 7; Bosland and Richardson, n 8.
\item \textsuperscript{137} ACIP, \textit{Review of Trade Mark Enforcement} (Australian Government, Canberra, 2004) at 4.1.
\end{itemize}
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By raising these issues again and offering a further examination of the topic, it is hoped, that a more detailed review into s 120(3) and the treatment of well known marks in Australia will ensue. At the start of this article, I proposed to challenge the sceptics who deny that s 120(3) is an anti-dilution remedy, and to that end it seems that more jurisprudence (or legislative amendment) is needed before we can finally determine that question.139

Among the philosophical foundations of trade mark protection is the balancing act identified by the High Court in Campomar,140 that is, the encouragement of private investment, support for competition, and the efficient circulation of information in society.141 Contrary to the opinions expressed by some Australian commentators, the commercial and cultural benefits of introducing an anti-dilution remedy for well known marks may well outweigh any real (or perceived) detrimental monopoly effects identified above.142 In justifying anti-dilution rights, it has been suggested that registered owners would be more willing to invest in their trade marks with the knowledge that their expenditure will be afforded the appropriate legal protection.143

In this context, the prevailing attitudes towards s 120(3), as identified, do not afford registered owners an appropriate level of legal protection, while the key terms of the provision – “connection”, “well known” and “relevant sector of the public” – fail to be articulated or accorded a plain language reading. Trade marks exist and serve to distinguish the goods or services of different traders as badges of origin, so perhaps the more relevant question here is, do we want to protect the associative links that well known marks establish, thus reducing search costs and confusion for consumers, or do we want to continue with the current orthodoxy in Australia towards well known marks as it currently exists?

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139 See Richardson, n 17 at 220.
140 See Campomar Sociedad Limitada v Nike International Ltd (2000) 202 CLR 45 at [42]-[46]; 46 IPR 481; Loughlan, n 69.
142 See generally, Economides, n 1, for a discussion on the monopoly effects of trade marks (and adopting the view (at 536) that in certain instances any barriers to entry created by established trade marks will be overall beneficial to society since they tend to decrease the number of brands toward optimality); see also, Bosland, n 15.
143 Richardson, n 17 at 213.