



## Critical analysis of Comparative Advertising under Trademark Regime in the vision of Sections 29(8) and 30(1) of the Trademarks Act, 1999 - as a Glance

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### Abstract

Comparative advertising is using another author trademark, when the advertiser cannot disparage the goods or services of another are permissible by law. If any act of disparaging the goods and services of another not only be an act of causing infringement of trademark and also causing the product disparagement. This paper analyses the trite laws relating to comparative advertising and product disparagement, under trademark regime in the light of Sections 29(8) and 30(1) of the Trademarks Act, 1999. According to Section 29(8) enunciates situations, where use of another's trademark in advertising, without following the conditions laid down under this section, amounts to infringement of trademark. At the same time, Section 30(1) of the Act is an exemption to the Section 29(8) of the Act. The conditions provided under these two legal provisions are identical. The intent of enacting these two provisions are to impose leniencies of permitted comparative advertising over the stringencies of trademark protection. This study also focussed by understanding the concept of Trademark (TM), Comparative Advertisement (CA) and then how the individual Courts from different jurisdictions have analyzed them. Finally from this research topic I will be in a position to know how far this topic on CA has been taken up by the courts and its impact on the advertisers and the consumers.

### Introduction

Comparative advertising is a part of people's nature. Some of the most effective advertising is comparative but it is not without risks. Comparative advertising is a widely used form of commercial advertising in many countries. This type of advertising intends to influence consumer behavior by comparing the features of the advertiser's product with that of the competitor's product. Comparative claims are variable in nature. They may explicitly name a competitor or implicitly refer to him. They may emphasize the similarities (positive comparisons) or the differences (negative comparisons) between the products. They may state that the advertised product is "better than" (superiority claims) or "as good as" the competitor's (equivalence or parity claims). The aim behind this concept is to allow honest (i.e. not misleading) comparison of the factors of one trader's products with those of another; such a comparison will inevitably involve the use of the trade marks associated with the products in question<sup>1</sup>. In the absence of provisions controlling this, such use could constitute trade mark infringement. No Indian statute defines the term, but the UK Regulation defines comparative advertising as meaning any advertisement which "explicitly or by implication, identifies a competitor or goods or services offered by a competitor".

### Comparative advertising in general

'Comparative advertising' is the term used to describe advertisements where the goods or services of one trader are compared with the goods and services of another trader<sup>2</sup>. Comparative advertising benefits the consumer as it usually compares the price, value, quality or other merits of different products, thereby enhancing the

<sup>1</sup> As observed in Pepsi Co. Inc and Ors v Hindustan Coca Cola Ltd and Anr, 2003(27)PTC 305.

<sup>2</sup> Although the term 'comparative advertising' is missing from all the major provisions of international trademark law, it does however appear in Council Directive 84/450/EEc of 10 September 1984 concerning misleading and comparative advertising (as amended by Council Directive 97/55 of the European Parliament and Council Amending Directive 84/550 Concerning Misleading Advertising as to Include Comparative Advertising)

awareness of a consumer. However there is an important proviso attached to this ; the improvement of consumers knowledge can only be achieved for long as the advertising does not contain misinformation, which is always a risk if the education of consumers is entrusted to entities with vested interests<sup>3</sup>. Thereby legally speaking, comparative advertising is allowed to the extent; A trader is entitled to compare his goods with the goods of another trader and to establish superiority of his goods over that of others, but while doing so he cannot say that the goods of his competitor are inferior, bad, or undesirable. In case he makes any such statement it would be an act constituting ‘product disparagement,. Such comparison leading to disparagement of a rival product is not allowed.

### Product disparagement

According to Black’s Law Dictionary the word ‘disparage’ means to connect unequally; or to dishonour (something or someone) by comparison; or to unjustly discredit or detract from the reputation of another’s property, product or business<sup>4</sup>. That implies, ‘disparagement’ is a false and injurious statement that discredits or detracts from the reputation of another’s property, product or business<sup>5</sup>. Advertisers frequently make their cases by comparing one product or service to a competitor’s. When that comparison is false or misleading, however, the advertising crosses the line into a type of false advertising called product disparagement. Product disparagement also called commercial disparagement, product defamation, trade libel or slander of goods is a false statement about a product that hurts its maker. Victims of product disparagement can sue the perpetrators under both state product disparagement laws and the federal Lanham Act, the law that protects trademarks.

### Comparative Advertising and Trademark Infringement-

The primary purpose of a trademark is to ‘distinguish the goods of one person from another’s. Therefore a trademark enables a consumer to identify the goods and their origin. Hence in case, if an advertiser uses a competitor’s trademark to make a comparison between his goods and those of his competitor, and in the process disparages them, then such an act on the part of the advertiser would not only invoke issues related to comparative advertising and product disparagement, but would also invoke issues related to trademark infringement. The law on comparative advertising and product disparagement, in relation to trademarks, in India, is based upon the law as laid down in *Irving's Yeast Vite Ltd v FA Horse-nail*<sup>6</sup>. Section 29(8) of The Trademarks Act, 1999 enunciates situations, when the use of a trademark in advertising can constitute infringement. It says that any advertising which is not in accordance with honest practices; or is detrimental to the distinctive character, or to the repute of the mark, shall be an act constituting infringement. At the same time Section 30 (1) makes comparative advertising an exception, to acts constituting infringement under Section 29(8) of the Trademark Act,1999. It provides that any advertising which is in accordance with honest practices, and does not cause detriment to the distinctive character or to the repute of the trademark will be permissible and will not constitute infringement.

### Judicial Pronouncements

Though mark is not substantially used, but if the reference made points towards the product of another person and results in its disparagement, the user can be held liable. In *Reckitt & Colman of India Ltd. v. Kiwi T.T.K. Ltd*<sup>7</sup>. the plaintiff company is engaged in manufacture and sale of consumer products and one of the products of the plaintiff is liquid shoe polish being manufactured and marketed by them under the name and style of Cherry Blossom Premium Liquid Wax Polish. Defendant is also engaged in the manufacture of polish and one of the brand being manufactured and marketed by the defendant is "KIWI" brand of liquid polish. It was held that a manufacturer is entitled to make a statement that his goods are the best and also make some statements for puffing of his goods and the same will not give a cause of action to other traders or manufacturers of similar goods to institute proceedings as there is no disparagement or defamation to the goods of the manufacturer so doing. However, a manufacturer is not entitled to say that his competitor's goods are bad so as to puff and promote his goods. In *Dabur India Limited v. Colgate Palmolive India Ltd*<sup>8</sup>, Trade rivalries which lead to advertisements in which the product of an advertiser is extolled and the rival product deprecated have led to this suit by the plaintiff Dabur India Ltd. who makes Dabur Lal Dant Manjan Powder, against the defendant Colgate

<sup>3</sup> Phillips Jeremy, Trademark Law-A Practical Anatomy, I edn. (Oxford, London) 2003,8.93.

<sup>4</sup> Garner Bryan, A Balck’s Law Dictionary, 7<sup>th</sup> edn., (West Group, Minnesota) 1999.

<sup>5</sup> Meaning of disparagement, as given under Black’s Law Dictionary, Garner Bryan .A, Black’s Law Dictionary, 7<sup>th</sup> edn., (West Group, Minnesota)1999.

<sup>6</sup> (1934) 51 RPC 110 wherein it was held that use of another’s trademark in comparative advertising does amount to infringement, Cf Pepsi Co Inc and Anr v Hindustan Coca Cola and Ors 2003 (27) PTC 305.

<sup>7</sup> 1996 PTC (16) 393

<sup>8</sup> IA No. 2124/2004 in CS (OS) 453 of 2004

Palmolive India Ltd. who manufacture Colgate tooth powder. This case the court relied upon, Reckitt & Coleman v. Kiwi T.T.K. Ltd.<sup>9</sup>, and the same issue has been followed from Reckitt & Colman of India Ltd. v. M.P. Ramachandran and another<sup>10</sup> case.

### Passing-off action:

An infringement action is available where there is violation of specific product right acquired under and recognised by the statute. In a passing-off action, however, the plaintiff's right is independent of such a statutory right to a trademark and is against the conduct of the defendant, which leads to or is intended or calculated to lead to deception<sup>11</sup>. Passing-off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation, which another has established, for himself in a particular trade or business. The action is regarded as an action for deceit<sup>12</sup>. The tort of passing-off involves in misrepresentation made by a trader to his prospective customs calculated to injure, as a reasonably foreseeable consequence, the business or goodwill of another which actually or probably, causes damages to the business or good of the other trader.

### Generic disparagement

It was held that as the mark could not be established as registered trademark, S. 29(8) could not be stressed. But relying upon the above authorities court held that the generic disparagement of a rival product without specifically identifying or pin pointing the rival product is equally objectionable. Clever advertising can indeed hit a rival product without specifically referring to it<sup>13</sup>. No one can disparage a class or genre of a product within which a complaining plaintiff falls and raise a defence that the plaintiff has not been specifically identified. When the statement disparaging the plaintiff's product is true in comparative advertising, no relief can be given to the plaintiff. In Reckit Benckiser (India) Limited v. Naga Limited and others<sup>14</sup>, the Plaintiff has filed this Suit for permanent and mandatory injunction, being aggrieved by the Defendant's television commercial which depicts a woman in an advanced stage of pregnancy needing urgent medical assistance during a train journey. The doctor calls for hot water and is handed a cake of soap which she rejects, stating that an antiseptic soap is needed. It is not in dispute that the soap which was handed over to the doctor is identifiable by viewers as the Plaintiff's product, namely, Dettol Soap. The doctor further states in the commercial that "at a time like this, you do not need just antiseptic, you need a protector". The Defendant's Ayurvedic soap is then shown and it is concurrently stated that it is a body 'rakshak' soap, the first Ayurvedic soap that completely removes all seven kinds of germs and protects from infection. The Plaintiff's grievance is that this commercial disparages its Dettol Soap. It is averred that the intention behind the commercial is malicious, especially in view of the trade literature which shows that Dettol Brand sales are about 30-35 crores out of a total sales of Rs. 230 crores. The Plaintiff has vehemently stressed that Dettol is the leader in brand equity. Recently, in a case of comparative advertising, the Delhi High Court denied granting an interim injunction against Hindustan Unilever Ltd (HUL)<sup>15</sup>. Colgate Palmolive (India) Ltd. brought an action against HUL for its ads relating to its product 'Pepsodent GermiCheck Superior Power' as these ads allegedly disparaged Colgate's toothpaste 'Colgate Dental Cream Strong Teeth'<sup>16</sup>.

### Conclusion

Section 29(8) and Section 30(1) of the Trademarks Act, are adequate to address issues related to trademark infringement, made in the garb of comparative advertising. Judicial pronouncements on the issue have also made it clear that there is no harm in comparing your goods with those of a competitor, but the comparison should be fair and should not bring disrepute to the competitors products or trademark, i.e., comparative advertising leading to product disparagement is not permissible. The position is more or less the same in almost all the countries, which allow use of another's trademark in comparative advertising. There is no doubt regarding that comparative advertising is beneficial as it increases consumer awareness and therefore, it should be allowed. Moreover, it enables an advertiser to establish his brand in the market by stating his superiority over the established brands. But, at the same time there have to be regulations, to check abuses. If the courts had

<sup>9</sup>1996 PTC (16) 393

<sup>10</sup>1999 PTC (19) 741

<sup>11</sup>Pepsi Co. Inc. and Ors. v. Hindustan Coca Cola Ltd. and Anr., 2003 (27) PTC 305 (Del)(DB)

<sup>12</sup>Wander Ltd. and Anr. v. Antox India P. Ltd., 1990, Supp. SCC 727

<sup>13</sup>Dabur India v. Wipro Limited 2006 (32) PTC 677 (Del)

<sup>14</sup>2003 (26) PTC 535 Del

<sup>15</sup>Reckitt Benckiser (India) Ltd. v. Hindustan Unilever Ltd. 200 (2013) DLT 563

<sup>16</sup>Hindustan Unilever Ltd v Colgate Palmolive Ltd, 1998 SC 526

accepted the proposition that trade rivalries should be settled in the market (as the courts are not equipped to decide which product is better), it would have caused great prejudice to public interest; as the question is not of deciding which product is better, but of public awareness. Because, as we say that comparative advertising increases public awareness, misleading and disparaging advertisement should not mislead the public. While a trader is allowed to declare his product as the best in the world, care must be taken while using the trademark of others. Many of the ads portray the design trademark of their rival's product in a negative light by damaging the reputation of the product by belittling it. What the aim of comparative advertising should be is consumer welfare and not a business strategy to make more money; because that does not always go well.

