Comparative Advertisement And It’s Relation To Trademark Violation – An Analysis Of The Indian Statute

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ABSTRACT
The research topic “Comparative advertisement and it’s relation to trademark violation – An analysis of the Indian Statute” will help unfold the various dimensions of comparative advertising and its impact on the registered trademarks of the owners. The Courts of different jurisdiction have analyzed this research area in different perspectives depending on the current situation of their competitive market economy and have hence tried to satisfy their stakeholders of advertising agencies to promote the concept of Comparative Advertisement in a manner that will be acceptable by fair and honest means.

The methodology adopted is mainly by interacting with the intellectual property consultants, professors of law and mostly by way of secondary data which includes textbooks, reference books, internet books, articles, journals, newspapers and unpublished material.

The research will proceed step by step right from understanding the concept of TM, CA and then how the individual Indian Courts have analyzed them by elaborately conceptualizing on the cases pertaining to various situations. 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.

Keywords – comparative advertising; infringement; trademark

Introduction:
Explanation of CA as per Indian Constitution
The concept of TM Infringement – Advertisement was discussed by quoting the definition of commercial advert as “Commercial advert is a form of commercial speech and is protected under Article 19(1) (a) of the Indian Constitution. But commercial speech which is deceptive, unfair, misleading and untruthful is hit by Article 19(2) and so could be regulated / prohibited by the state” As stated by D.P. Mittal[1].

In accordance with the Article 19(1)(a)[2], the fundamental right based on the constitution of India is the freedom of speech and expression for every citizen while the article 19 (2) clearly indicates that no law should change the law of freedom of speech however the sovereignty and integrity of India is maintained.

This has made the businessman use the right to advertise the products as a manner they feel is justified.

Definition of Trade Mark (TM)
TM is a known mark of identification of any company or an organization which could be a unique name, symbol, logo, image or a design which helps in defining the product and the repute of the company. Hence in the marketing practices of selling and advertising, care needs to be taken to maintain the owners right of using their products and not for the competitors to misuse the same (legal service India, 2008).

Damage done to the company’s Goodwill: In cases where one company uses the TM of another firm which is registered under the TM Act without the prior permission of the owner, it is strictly causing harm to the company’s reputation and brand name. However; although the companies do not directly copy the product’s mark, but they adopt similar marks concept to confuse the customers. This amounts to either infringement or P.O.A. Passing Off Action (P.O.A) is derived from common law in which case infringement of a TM is carried out in a manner where in the mark is not only similar but is also used deceptively to mislead and confuse the end users.

Definition Comparative Advertisement (CA)
CA is the concept which helps in comparing the advertisements of the goods and services of one seller from another which mostly focuses upon the price, quality, value, durability. The advertisers employ this technique to increase their visibility in the market and to generate higher profits and better sales.

Classification of CA
They can be categorized as indirect CA which showcases the features of one product and compares it favorably with all the other competing brands through a generic or an indirect manner. The next
form is the direct CA where in the features and attributes of one product are directly compared with the similar features and attributes of another specific competitor. These classifications can further divide into sub categories of positive CA and negative CA. In positive CA the advertiser will try to depict other products features and attributes in a favorable manner which will help him gain advantage and benefits from the association. Negative CA will use defective practices to misguide the customers by degrading the quality and the value system of both the products and services of the competitors[3].

CA thus falls into the gamut of TM legislation which falls under the jurisdiction of TM Act of India 1994. It’s a known fact that no Indian statute will precisely define the concept of CA but the UK law clearly provides the definition as any advertisement which explicitly or implicitly identifies the goods or services of the competitor of identifies the competitor itself (legal service India, 2008).

Research Methodology

Area: Analytical Research

Objectives: Study the concept of Comparative Advertisement in relation to infringement of Trademark – Indian Statute

Justification: Comparative Advertisement is a relevant field of IPR which is now gaining importance due to the competitive attitude of various traders existing in the market economy. Hence a detailed study on the present law with reference to the statutes of India was a necessary requirement.

Research Design :-
1. Type of Research: Causal
2. Sample Design: Indian statutory laws
3. Sources (Observational Design)
   i. Primary Data: Through informal interviews with the Faculty of Law, Lawyers and IP consultants.
   ii. Secondary Data: Through the various websites, journals, articles, magazines and books related to IPR and Law.
4. Statistical Design: Tabulation

Justification :-
The research project adopted is causal research which indicates that the test on cause and effect relationship will be considered with reference to the cause of comparative advertisement and its effect on trademark infringement.

Scope Of The Study
The purpose of the study is to examine the various cases on comparative advertisement and how different jurisdictions deal with them based on their laws and statutes. This analysis will in turn help in overcoming the present loopholes of the laws and strengthening and regulating future formulation of laws.

Limitation
1. The statutes of other countries if also considered would throw more light.
2. The study has been restricted to only the statutes and the laws of India.

The Existing Indian System Along With Legal Provisions And Cases:
Statutory Provisions in India:
The governing of the concept of CA takes shape after the cordial association of the MRTP Act 1984 and the TM Act of 1999.

Section 29 of the TM Act 1999 speaks about the Infringement of registered TM where in, section 29(8) [4] specifically indicates that a registered TM is infringed by any advertising of that TM if the advertising takes unfair benefit and is against the honest practice, if this advertising will be hazardous to the unique character of the TM or is against the reputation of the TM.

Section 30(1)[5] also supplements that nothing under section 29 will prevent any advertiser or company using another’s TM provided it is used in honest and fait practice in industrial and commercial matters and should not affect the distinctive character of the repute of the TM.

Under the definition of honest practices for CA, it implies that CA focuses on objectively keeping the customer informed about the product, helps in promoting market transparency by lowering prices and improving the goods by stimulating competition in a fair manner. Hence in certain cases so as to protect the interests of such competitors CA should not be allowed which otherwise would mislead, create confusion or create discredit to a competitor.
CA and its relation to Unfair Trade Practices
CA has certain limitations with respect to the practice of Unfair Trade Practice. Under the MRTP Act of 1984[6], a new chapter on unfair trade practices was amended where in section 36A indicates that any defective or unfair method or practice which depicts false or misleading information of another product will result in disparaging the goods and products of the competitors. This in turn will directly affect the trade of another person.

Any such disparagement of CA is reviewed and evaluated based on three parameters viz.
1. Whether the advertisement contains a false statement which could result in influencing and provoking or inducing the consumer to buy or use the goods and products.
2. Whether the advertisement is misleading
3. Finally the effect of such a depiction on the end users or common man.

Concept of Disparagement

Use of TM – Disparagement of goods:
Section 36A of the MRTP Act; showcase the issues on unfair trade practices which ultimately lead to the cause of disparagement of goods and services of another person. There is no specific definition of disparagement of goods available in any statute but in the New International Webster’s Comprehensive Dictionary,[7] it implies dishonor or degrading, depreciating or disvaluing of the goods and bringing discredit to the company. In an electronic media, the disparaging concept is shown by the repeated advertisements of various commercials so as to make a lasting impression in the minds of the consumers.

Concept
The Delhi High Court defined the concept of disparagement stating that the manufacturer can make any statements to indicate that his goods are better than the goods of the competitor and in certain cases can also puff their own goods which will give no cause of action to the trader of another product as there is no disparagement or defamation of the goods. But the manufacturer cannot say that the competitors’ goods are bad so as to promote and puff their own goods. Therefore CA cannot be allowed if it discredits the TM or the trade name of the competitors.

Case 1:
The plaintiff Reckitt & Colman manufactures and markets liquid shoe polish under the brand name Cherry Blossom Premium Liquid Wax Polish. Defendant KIWI is also engaged in the manufacturing and marketing KIWI liquid polish which it claims in its advertisement to be superior than the plaintiff as alleged that cherry blossom has less wax and more acrylic content which in due course will crack and cause damage to the footwear. This is promoted on the website of the defendant showing a bottle of KIWI which does not drip and placing another bottle of polish marked as brand X which drips.

Brand X is shown with a red blob on its surface representing cherry which looks similar to the cherry which appears on the plaintiff’s bottle. The defendant also circulated posters with a bottle shown as brand X having a faulty applicator similar to that of the plaintiff’s applicator.

The Court held that the defendant was disparaging the goods of the plaintiff and was told to restrain from advertising the competitors product in a disparaging manner[9]. The Delhi High Court also added that the advertiser can puff the goods or make statements that his goods are of superior quality but this should not disparage or defame the repute of the competitor[10].

Case 2: Reckitt & Colman of India Ltd. v. M.P. Ramachandran and Anr.(1999)[11]:
In this case the plaintiff manufacturers blue whitener under the brand name Robin Blue having a particular styling and have a registered TM and a registered design. The defendant also starts manufacturing blue whitener (Ujala) and started promoting their product by disparaging the goods of the plaintiff. The advertisement showed a container similar to that of the plaintiff’s and was indicated that it was priced at Rs. 10. As no other blue whitener products in the market were priced at Rs. 10, it was obvious that it
was the plaintiff’s product Robin Blue. Further the defendant alleged that the plaintiff’s goods were uneconomical and was an expensive product to whiten the clothes. It was also promoted in a manner that the plaintiff’s product was shown upside-down with the liquid gushing out indicating that the liquid doesn’t drip slowly instead gushes and thus becomes expensive.

The Calcutta High Court held that the defendant was disparaging the goods and was liable for infringement and was granted an injunction and laid down five principles to guide future cases of infringement[12].

Case 3: The case of “New Pepsodent” v “Colgate” (1999)[13]:

In the advertisement of the New Pepsodent, HLL disclosed that their product is 102% better in terms of anti-bacterial activity as compared to the leading toothpaste available in the market. In the TV add, samples of saliva are taken from two boys; one who has brushed with the New Pepsodent toothpaste and other brushed with the leading toothpaste. The experiment was shown as containing maximum amount of germs in the saliva of the latter toothpaste. And when the boys were asked as to with what did they brush their in the morning, one said Pepsodent while the response was muted in the other case. But his lip movement and the jingle used in the muting made it very obvious that the boy was referring to Colgate. As Colgate has been synonymously been used for a toothpaste, it was evident that the leading brand referred to Colgate. This ultimately led to the disparagement of the goods of Colgate.

Case 4: Colgate Palmolive v. HLL (1999):

Case on Suraksha Chakra[14]:

The catchy Colgate Toothpaste tune reminds every person the one which protects tooth decay, kills germs and stops bad breath all these claims which were advertised on Colgate hoardings, TV campaigns and print media by metaphorising using a Suraksha Chakra signifying a ring of protection protecting the family. This commercial boosted the sales of Colgate and decreased that of HLL. HLL in address to this advert alleged that it contained misrepresentation of facts and hence the data were misleading. On the other hand Colgate alleged that New Pepsodent claims to be “102 percent superior” which is again misleading. HLL went on to add that only in India Colgate claims to fight tooth decay in the absence of fluoride where as in other countries this holds true for fluoridated products. As per the MRTP Act puffing of goods was acceptable but not misrepresentation of data.

But it was clear after the findings that not a single consumer was reported to have misled due to the advert of Suraksha Chakra and hence no injunction was granted to Colgate as it supported the statement of Suraksha Chakra as its means to provide suraksha to the tooth decay, bad breath and germ killing by using a chakra[15].

Case 5: Pepsi Co. Inc. and Ors. v. Hindustan Coca Cola Ltd. and Anr: (2003)[16]:

In this example, Pepsi filed a suit against Coca-Cola for wrongful use of their TM in a commercial where in a lead actor asks a kid to his favorite drink for which he says that he likes Pepsi which was obvious from his lip movement as it was muted. Then the lead actor asks the kid to taste the two samples of drinks after hiding their identity and questions the kid as to “Bacchon Ko Konsi pasand aayegi”? The kid points to one drink and says that children would prefer it because it is sweeter and says that he does not like that drink. He likes the taste of the other drink and says that it is a stronger drink and has to be consumed by grown ups. After the lead actor opens the lid of both the bottles, it is revealed that the bottle which the kid likes was “Thumps-Up” while the other had PAPPI written on it which deceptively resembles PEPSI. The kid feels embarrassed as he had earlier liked the Pepsi taste and hence keeps his hands on his hand as a matter of disappointment.

In some other advertisements the commercials read the slogan as “Wrong choice baby”, and that the “Thums Up” is a right choice, and “Kyo Dil Maange No More” which amounts to damaging the repute of Pepsi.

Held: The court held Coca-Cola on the grounds of disparagement and depreciating the goodwill of the plaintiffs’ products under TM and Copyright Act as the registered TM was been infringed by the use of a Globe Device or the word PAPPI which is deceptively resembling to the TM PEPSI[17].

Case 6: Dabur India Ltd. v. Colgate Palmolive India Limited. (2004)[18]:

In this case Colgate promoted an advertisement on the visual media where in a cinema start was seen stopping the purchasers from purchasing the tooth powder which was similar to that of Dabur by explaining the ill effects of the plaintiff’s products. In addition to this Colgate
advertised that their tooth powder was 16 times less abrasive and non-damaging. As per the TM Act 1994, section 29(8) clearly indicates that there should not be any unfair advantage taken by the competitor which will harm the reputation of the TM and be detrimental to its distinctive character. Although the rival can make untrue statements that his goods are the best, he cannot degrade the quality of others products. Hence Colgate disparaged the goods and was granted injunction by the Court[19].

Case 7: Indian Court Granted Injunction: Britannia v.Unibic Biscuits India (2007)[20]:
Unibic India launched a biscuit named “Great Day” along with its tag line – Why have a Good Day, When you can have a Great Day! This was a direct comparison to Britannia’s Good Day biscuits which states that consumers must not try any mere biscuit when Great Day biscuit is available. The plaintiff alleged that the defendant has infringed their registered TM “Good Day” and in turn has tried to emphasize on it through their tagline

Bangalore City Civil Court on December 12 in 2007 led to the grant of an injunction to the defendant for disparaging Good Day biscuits by exaggerating the facts and making an impression that no other facts hold true.

The Court looked at three aspects while reviewing this case which includes examining the intent, the manner the commercial (story line) has been promoted and the message that has been communicated to the public[21].

In A Nutshell, Status Of The Court

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Case 8: Did not enter the Court of Law: Kingfisher v. Jet Airways (2007)[22]:
In contrast to Unibic’s Great Day case of injunction, Kingfisher airlines came up with a similar advertising campaign without being subject to any injunction. Jet Airways and Kingfisher started flights to New York on a daily basis. To initiate their campaign, Jet put up a hoarding this displayed the tag line “We’ve Changed” which was immediately competed by Kingfisher airlines by putting up a hoarding just above Jet Airways hoarding saying “We Made Them Change”. Although there was no disparagement of the product nor there was any use of Jet’s TM on Kingfisher’s hoarding, still Jet could file for injunction as it was directly relating to them for exaggeration of facts. But Jet immediately put off their hoarding which was a good move as the present law doesn’t have any law in place for Jet or any other company in such situation to sue Kingfisher.
Findings And Suggestions:

Indian Statute:
The TM law permits CA but doesn’t allow disparagement.
1. The Indian law looks into the factors of “Correctness of Representation”, “Scientific and Technical Details”, “Assessing Loss of Business and Profits”, “Interim Injunction: Make or Break”[23] to declare if the advertisement was infringing or not. These facts were checked and applied to the Indian cases specially the Colgate v. Pepsodent case[24] although it was not easy for the courts to decide on the claims.
2. But the above position also has a disadvantage considering the following facts: A manufacturer can claim for disparagement only if the correctness of the product is identified. And if it has been identified then settling the technical and the monetary claims will take time which finally results may be in terms of suspending the advertisement. This finally results in making the existing statute weak and uncertain in terms of CA (iimahd, 2004).
3. The Indian law doesn’t encourages firms to make exaggeration of facts which was evident from the case of Britannia v. Unibic thereby discouraging rivals from securing lasting benefits. But in major examples such distinctions might not be identified which would make the system unbalanced.
4. In the present context of the Indian law, if the manufacturers goods have been disparaged there is no proper stated statute to declare that there has been an infringement as the terms ‘unfair advantage’, ‘honest practices’, ‘disparaged’ themselves have not been defined and regulated[25].
5. Situation in India – The TM act 1999 under sections 29 and 30 speak about use of TM in CA with limitations to the concept of unfair trade practice. Unfair trade Practices were covered under MRTP Act 1969 which stands cancelled now. Hence the only option is the Consumer Protection Act, 1986 but here the sufferers are the firms and not consumers. Hence they wouldn’t fall into the ambit of consumers to get an advantage to approach the consumer forum.
6. With reference to the case Jet Airways and Kingfisher [26] discussed above, there is no room in the Indian law to provide justice to Jet Airways or for Jet to successfully sue Kingfisher as kingfisher hasn’t indicated any TM reference about Jet on its hoarding, but putting the hoarding right above Jet in itself is not a fair trade.
7. Based on the decision taken up by Calcutta High Court in relation to the case Reckitt & Colman of India Ltd. v. M.P. Ramachandran and Anr.(1999) [27], it was clear that mere puffing of goods is not actionable unless it results in slandering or defaming the goods of the competitor. This indicates that this right of the producer to puff the goods is acceptable which will de-recognize the rights of the consumers as secured under The Consumer Protection Act, 1986. To allow two traders to puff the products in their advertisement without harming each other will finally leave the consumers helpless even if the producers have benefited. Only if one trader gets affected by the CA then only the falsity of the facts produced in the advert relating to the quality, price and the value of the product will get disclosed and the consumers would benefit.
8. I.e. The consumers should be well informed and hence such adverts should be well probed and tested.
9. Indian law does promote CA as it provides an opportunity for the consumers to compare the goods the producers are advertising.

Finally, a strong suggestion which could be enacted or regulated by the courts is; to consider the grievances of the advertisers or companies and firms who are facing problems due to CA under the “Consumer Protection Act” which is presently lacking. This would make available double benefit to
the competitive arena which would help in balancing the views of the consumers as well as the firms who are under the scanner from their rival firms.

The Court should thus analyze the above mentioned concerns and help streamline their laws and statutes and amendments.

Conclusion:
Every jurisdiction have dealt with the various cases depending on their own discretion and based on the existing laws on the concepts of misleading and discrediting of the competitors goods. Some countries feel that indicating the goods are superior or are unique or are better than the other amounts to misleading until they are proved to be justified while others consider such exaggerations and misrepresentation to be permitted. With regards to misappropriation and discrediting some countries whose believes in providing a liberal climate on laws until found to be untrue or disparaging will allow CA. While in other countries the businessmen who don’t follow honest practices, CA is severely banned and is strictly taken action. In a few countries taking using the trade name or the TM without his consent is again considered as discrediting. Even if the comparisons are true they are not encouraged to use them in certain jurisdictions.

Although initially CA was forbidden or was considered as unfair competition but today this situation has changed and is changing slowly. In the present scenario proper representation of facts even if compared against a competitor are welcome by the courts. CA has been looked upon positively as a means of providing a detailed study reference which would in turn help consumers in knowing the true facts of the various products and be careful in their purchases. Thus transparency of data is encouraged which will help consumers in lowering their information search costs and conduct a valid buy. Disparagements of goods also have been leveraged by the courts in some countries so as to restrict ban of all statements in comparisons thus allowing truthful CA.

Despite the fact that the views on CA in various countries as perceived by courts have become positive, it’s a challenge for the different jurisdictions to draw a line between what is acceptable and what is not based on the present laws available in their countries. And if need arises the laws need to be regulated with newer laws by resulting in satisfying honest trade practitioners and supporting fair trade vis-à-vis the others.

Abbreviations Used
1. TM – Trade Marks
2. CA – Comparative Advertisement
3. P.O.A – Passing Off Action
4. MRTP - The Monopolies and Restrictive Trade Practices

Indian Cases:

Table Of Statutes
1. The Constitution Of India 1949
2. Trade Marks Act of India 1994
3. Trade Marks Act of India 1999

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[7] Ibid.

[8] Legal Service India, page number.


