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Comparative Advertising and Trademark Infringement

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ABSTRACT

This paper focuses on comparative advertising and how is it defined in India and United states, what is trademark and trademark infringement . It will help to disclose the various dimensions regarding comparative advertising and its impact on the registered trademarks of the owners. The relation between the comparative advertising and trademark infringement along with various relevant Articles and sections of the Trademarks Act , 1999 and Monopolies and Restrictive Trade Practices, 1984. How Comparative advertising effects the consumers' .This paper is also discusses about the Comparative advertising and trademark infringement not only in India but also outside India along with the various relevant judicial pronouncements.

I. INTRODUCTION

(A) OBJECTIVE OF THE STUDY

This project has been done on the study of Comparative advertising and Trademark infringement. The main objective of the study is whether there is infringement of trademark by comparative advertising, to know how is Comparative advertising effects the consumers and also to know about the various sections and case laws related to comparative advertising and trademark infringement in India and outside India.

(B) RESEARCH METHODOLOGY

The methodology adopted is largely analytical and descriptive. Reliance has been placed largely on secondary sources like books and articles. The lectures and classroom discussion have been rich with valuable pointers and gave direction to the research.

(C) RESEARCH QUESTIONS:

- What is the intention of comparative advertising?
- When is it considered as trademark infringement?
- How comparative advertising effects the consumer?

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- Is comparative advertising permitted under Trademarks Act, 1999?

(D) MODE OF CITATION

OSCOLA form of citation is followed throughout in the countries.

II. ANALYSIS

(A) COMPARATIVE ADVERTISEMENT

Comparative advertising is one of the form of commercial advertising and it is widely used in many countries. The main intention of this advertising is to influence the behavior of the consumer by comparing the features of the product of the advertiser with the product of the competitor. The claims which are made comparatively are generally inconsistent in nature. In these comparative claims, they may explicitly or implicitly refer to the competitor. By these comparative advertising they highlight various similarities or differences between the products. Basically these advertisements show that the product which is advertised is better than or similar to the product of the competitor. The main objective of this concept is to allow fair and honest comparison of the various factors of one's product with those of another's product and this should not be in a misleading way. Such a comparison between the products will certainly involve the use of trademarks which are associated with the said products. If there are no provisions to control this kind of advertisement then it may lead to trademark infringement. Comparative advertising is not defined by any of the Indian Statue but UK regulation defines comparative advertising as any advertisement which indentifies the competitor or goods and services of the competitor².

Comparative advertising is the term which is used to describe advertisements in which goods and services of one trader are compared with the goods and services of the other trader. It benefits the consumer because it compares various factors like price, value, quality between two or more products, due to which consumer is clearly aware of all the products and he can choose the one which is better than the other. But nothing must be gained by giving misinformation to the consumers and misleading them³.

(B) TRADEMARK

S. 2(1)(zb) – Trademark -

- This section defines trademark as a mark which is capable of being represented graphically and is capable of distinguishing the goods or services of one person from

²www.legalservicesindia.com

³www.legalservicesindia.com

those of the other and it also includes shape of goods, combination of colors and their packaging

- Graphical representation means anything which is expressed in paper form like representation of trademark for goods and services in paper form
- Trademark is a mark which is used in relation to goods or services and also for indicating that there is some connection between them. One person has the right as the owner and he can use the mark whether with or without giving any indication related to his identification of that person.

A trademark is a sign which is very distinctive in nature and it identifies certain goods or services as those produced or provided by a specific enterprise or person. A trademark basically provides protection to the owner of the mark. There is an exclusive right to use trademark to identify goods or services along with that there is a power to authorize another to use it in return of the payment. By paying additional fees a trademark can be renewed. It is a system to help consumers identify and purchase a product or service because its nature and quality, indicated by its unique trademark, meets their needs. Court has the authority to stop trademark infringement⁴.

(C) TRADEMARK INFRINGEMENT

Trademarks Act, 1999 (the TM Act) and the Trademarks Rules 2002 are enacted in India and these came into effect from 15th Sep 2003, these act were enacted to ensure adequate protection to domestic and international brand owners and this is in compliance with the TRIPs (The Agreement on Trade-Related Aspects of Intellectual Property Rights)agreement⁵.

The Act also defined well known mark as a mark which is in relation to goods or services to be a mark which is well known to a substantial segment of public who are using such goods or services. Further Trademark Act also increased certain grounds which are related to trademark infringement and on which ground trademark infringement can be claimed, such as likelihood of disparagement of a registered trademark, confusion between registered trademarks, comparative advertising and spoken use (how it is communicated to the public). For the purpose of recognizing infringement, the term use has been expanded. For suppose, if a trademark is not registered in India then a foreign trademark owner can initiate an action of passing off against the infringer⁶.

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The main issue regarding the trademark infringement focuses on consumer confusion. One mark must be so close to the other mark that an ordinary consumer or purchaser is likely to be confused, mistaken or deceived regarding the source of the goods and services then it is considered as trademark infringement. Courts while making judgment regarding the infringement of trademarks will first consider to know what is in the mind of the customer and how is he reacting to the two marks and then is he likely to be deceived or not. But consumer confusion has been the major issue with regard to the trademark infringement in most of the instances, there are two other sources i.e trade confusion and passing off which relate to the trade. In infringement cases any evidence related to trade confusion is very important because the members of trade would not be expected to be deceived as ordinary consumers⁷.

(D) COMPARATIVE ADVERTISING AND TRADEMARK INFRINGEMENT

The main and primary purpose of trademark infringement is to distinguish the goods and services of one person from those of another. A trademark enables the consumer to identify the goods and from which origin. If the advertiser uses a competitor's trademark to make a comparison between his own goods and those of his competitor and in the process of this comparing disparages them, then such an act of the advertiser would not arise issues related to comparative advertising and product disparagement but would also invoke issues related to trademark infringement⁸.

In India , the law related to comparative advertising and product disparagement in relation to trademarks is based upon the law laid down in *Irving's Yeast Vite Ltd vs FA Horse-nail*. S.29(8) of the Trademarks Act,1999 deals with the situations when the use of a trademark in advertising can amount to infringement. It says that any advertising which is a dishonest practice or is causing harm to the distinctive character, or to reputation of the mark , shall be considered as the act which constitutes infringement. S.30(1) says that comparative advertising is an exception to acts constituting trademark infringement under S.29. It also provides that any act which is in accordance with honest practices and does not cause any damage to the distinctive character or reputation of the mark will be permissible and will not constitute any kind of trademark infringement⁹.

According to S.29 (8) and S.30 (1) in Trademarks Act, 1999 unfair trade practices are permissible with certain limitations. 'Unfair trade practices' has been defined in the Act

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named Monopolies and Restrictive Trade Practices, 1969 u/s 36A which has been repealed now. Another statute named Consumer Protection Act, 1986 also provides certain provisions regarding the protection against unfair trade practices but in case of 'Comparative Advertising' the parties are basically firms (whose products are endorsed by advertisements), which would not come in the domain of 'Consumers', so they cannot approach the consumer forum.

S.29(8) and S.30(1) of Trademarks Act, 1999 basically they permit comparative advertising only if the use of the competitor's mark is honest. As long as the comparison is healthy then there is nothing wrong in telling people about the merits of competing goods or services and using registered trademarks to identify them. The whole responsibility is on the registered owner to show whether the factors that are indicated in the provision are applicable to the section or not. Nothing amounts to trademark infringement unless the use of the mark is not in accordance with the honest practices. Along with the registered trademark, Trademarks Act, 1999 also applies to the well-known unregistered trademarks. This gives the owner of trademark an alternative to the common law action of passing off¹⁰.

Not only in India but trademark and comparative advertising is also recognized in foreign countries like UK, USA etc..... There are many directives which deal with the same. Article 5 of the Trademarks Directive states that, a registered trademark grants exclusive rights to the owner. Also the Advertising Directive (Directive (EC) 2006/114) states strict rules on comparative advertising so that any comparison between competitor's products does not result in the infringement of trademark. In comparative advertising, comparison is permitted only when the following conditions are met :

- It should not be misleading
- It compares the good or services which compete in the same field
- It should not denigrate the trademarks or goods and services of a competitor
- There should not be any unfair advantage of the reputation of a trademark
- It should not create any kind of confusion between the goods or services of the advertiser and marks of the competitor.

There are many case laws which elaborate comparative advertising and trademark

¹⁰www.legalservicesindia.com

infringement.¹¹

(E) CASE LAWS

Reckitt & Colman of India Ltd. v. Kiwi T.T.K. Ltd.¹², in this case, plaintiff and defendant both the companies are engaged in manufacture and sale of consumer products and deal with the products related to liquid shoe polish. One of the products manufactured and marketed by the plaintiff is under the name and style of 'Cherry Blossom Premium liquid wax polish'. Defendant also manufactured and marketed one product which is under the name and style 'KIWI' brand of liquid polish.

Plaintiff in the advertisement of their product alleged that the liquid polish for shoes which is being manufactured and marketed by the defendants and some other manufacturers contains much less wax contents and more acrylic contents as compared to the liquid shoe polish of the plaintiff. It was also alleged that the more acrylic contents form a film on the footwear and over a period of time damages the footwear. It was mentioned in the advertisement that therefore the liquid shoe polish of the plaintiff is having rich formula of wax and is also better than all other liquid shoe polishes. Plaintiff also stated that the liquid shoe polish is sold and marketed in angle neck bottles so that it has easy application of the polish to the footwear and their product is superior than the similar product of other competitors. Plaintiff's stated that they have 68% market share of liquid shoe polish whereas the defendants has only 20% of the market share in the said field¹³.

The defendants were displaying an advertisement through the electronic media with a view to promote their product. The advertisement of the defendants shows a bottle named KIWI which is liquid polish for shoes and the word KIWI is written on the white surface which does not drip whereas the another bottle which is named as 'OTHERS' drips. The bottle of 'OTHERS' indicates a bottle marked 'Brand X' and in the advertisement it is alleged that 'Brand X' bottle looks like the liquid shoe polish bottle of the plaintiff for which the plaintiff has a designed registration which is already granted in the year 1993 under design No. 165756. The bottle of OTHERS which has been marked Brand X also has a red blob on its surface which indirectly indicates CHERRY which appears on the bottle of the plaintiff's product. Along with this advertisement in the electronic media, defendant had also been circulating a 'Point Of Sale' poster kind of material at various shops and marketing outlets

¹¹Semila Fernandes, 'A case study approach - an analysis of the infringement of trademark by comparative advertising' ICTMS-2013 <<https://www.sciencedirect.com/science/article/pii/S1877042814031103>> accessed 25 September 2018.

¹²Reckitt & Colman of India Ltd. v. Kiwi T.T.K. Ltd [1996] 16 PTC 393

¹³www.legalservicesindia.com

which are selling similar products. It was alleged that in the said poster material which was circulated by the defendants, the bottle shown as OTHERS with a faulty applicator and it resembles the applicator of the plaintiff¹⁴.

Court held that the advertisement was regarded as comparative advertisement and laid down five principles to determine whether a party is entitled to injunction. They are¹⁵ :

1. The owner of the product have all the rights to declare his goods to be best in the words even though such a declaration is untrue.
2. He also has the right to say that his products are better than the competitors even though such statement is untrue.
3. While making a declaration that his goods are best and better than that of the competitors goods he can even compare the advantages of his goods over the goods of others
4. While saying that his goods are better than the competitors goods he cannot say that his competitors goods are bad. If he says so, then he really defames his competitors and their goods, which is not permissible.
5. Even after saying so if there is no defamation or damage caused to the goods or the manufacturer of such goods then no action lies, but if there is some sought of damage or defamation then an action lies and if an action lies for recovery of damages for defamation, then the court also has the power to grant an order of injunction limiting recurrence of such defamation.

It was held that the manufacturer has no right to defame the goods of his competitor in order to gain profits and popularity for his goods.¹⁶

Reckitt & Colman of India Ltd. Vs M.P. Ramachandran and Anr.¹⁷ , in this case plaintiff manufacturers blue whitener with a name 'Robin Blue' and it has particular styling and is a registered trademark and also has registered design. Defendant also started manufacturing blue whiteners named as 'Ujala' and started to promote their product in dishonest way by defaming and disparaging the products of the plaintiff. The advertisement by defendants shown a container which is as similar as that of the plaintiff's and also indicated that it was at the price of Rs.10/- . At that time there was no other blue whitener product at the price of 10/- except the plaintiff's so it is obvious that the defendant was indicating to the plaintiff's

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¹⁵www.legalservicesindia.com

¹⁶www.legalservicesindia.com

¹⁷Reckitt & Colman of India Ltd. Vs M.P. Ramachandran and Anr. [1999] 19 PTC 741

product in the advertisement. Further it was alleged that the goods of the plaintiff were uneconomical and also it is expensive product to whiten the clothes . The High Court Of Calcutta held that the defendant was defaming and disparaging the goods and hence held liable for the trademark infringement¹⁸.

New Pepsodent vs Colgate¹⁹, in this case , there was an advertisement made by the New Pepsodent which shows that there are two boys, samples of saliva are taken from both of them, one boy has brushed with New Pepsodent and the other one with the leading toothpaste. This experiment was shown as maximum amounts of containing germs in the saliva are with the latter toothpaste. Now, the boys were asked as to with which toothpaste did they brush in the morning and one person said New Pepsodent while the response of the other person has been muted but by of his lip movement and the jingles which are used in the muting has made it very obvious that the other boy was referring to Colgate. As Colgate is the well known product for toothpaste, it was quite evident that the leading brand was referred to Colgate. Court held that this advertisement ultimately leads to the disparagement of the goods of Colgate²⁰.

Dabur India Ltd vs Colgate Palmolive India Ltd.²¹, in this case Colgate made an advertisement in which a cinema star is stopping the consumers or customers from purchasing the tooth powder which is as similar as Dabur by explaining ill effects of the tooth powder and also mentioned that Colgate product is 16 times less harmful and less damaging when compared to plaintiff's product. As per the Trademark Act,1994 Sec 29(8) which clearly states that there must not be any kind of unfair advantage taken by the competitor which will harm or damage the reputation of the trademark. They can make untrue statement regarding their product but cannot degrade the quality of others products. Court held that Colgate is liable for disparaging the goods of Dabur and the injunction was granted²².

Tommy Hilfiger Licensing Inc vs Nature Labs²³, in this case Nature Labs is a shop which deals with pet perfumery and it named the product as 'Timmy Holedigger' and it also

¹⁸Semila Fernandes , 'A case study approach - an analysis of the infringement of trademark by comparative advertising' ICTMS-2013<<https://www.sciencedirect.com/science/article/pii/S1877042814031103>> accessed 21 September 2018.

¹⁹New Pepsodent vs Colgate [1997]

²⁰Semila Fernandes , 'A case study approach - an analysis of the infringement of trademark by comparative advertising' ICTMS-2013<<https://www.sciencedirect.com/science/article/pii/S1877042814031103>> accessed 22 September 2018.

²¹Dabur India Ltd vs Colgate Palmolive India Ltd [2004] 114 DLT 373, [2004] 77 DRJ 415, [2004] 29 PTC 401 Del

²²Semila Fernandes , 'A case study approach - an analysis of the infringement of trademark by comparative advertising' ICTMS-2013<<https://www.sciencedirect.com/science/article/pii/S1877042814031103>> accessed 23 September 2018.

²³Tommy Hilfiger Licensing Inc vs Nature Labs 221 F. Supp. 2d 410 (2002)

incorporated a slogan for its commercial as ‘If you like Tommy Hilfiger, your pet will love ‘Timmy Holedigger’. Tommy Hilfiger filed a suit against Nature Labs saying that they were infringing their Trademark rights through comparative advertising. USA Court held that, the similarity does not amount to the trademark infringement of Tommy Hilfiger’s because Nature Labs used in an entertainment way to make consumers laugh and it is their technique to attract customers. Therefore it is considered as fair and honest comparative advertising as it used the concept of freedom of speech and hence rejected the plaintiff’s charge of trademark infringement against the defendant²⁴.

*Aktiebolaget Volvo v. Heritage (Leic) Limited*²⁵, in this case the ex dealer of Volvo had used a sign with an expression ‘Independent Volvo Specialist’ especially stressing on the word Volvo outside his premises and he is also still an authorized dealer of Volvo. Court held that this act of the dealer amounts to trademark infringement due to dishonesty and deceptiveness in the use of the mark²⁶.

*Intel Corporation Inc vs CPM United Kingdom Ltd*²⁷, in this case , plaintiff filed an application to sue the defendants for using ‘Intelmark’ because it’s their mark and by using it they are infringing Intel’s Trademark. The UK court held that defendants did not indulge in any kind of unfair practices as to infringe their trademark because the mark which is used by them was similar but applied to different category of products whereas Intel, had a good reputation in the computer related products. It did not affect the trade of Intel as they belong to different category of products²⁸.

*BMW vs Deenik*²⁹, in this case BMW filed a case claiming that Deenik has started services BMW cars without being an authorized dealer for the cars of BMW. But BMW can only object to Deenik’s advertising if the use of it or such advertising would damage the reputation of BMW or if Deenik had tried to make public believe that they are authorized by BMW to do the maintenance and repair of their products. Court held that according to Article 5 and Article 3, the owner of the trademark cannot prevent third party from using their trademark

²⁴Semila Fernandes , ‘A case study approach - an analysis of the infringement of trademark by comparative advertising’ ICTMS-2013<<https://www.sciencedirect.com/science/article/pii/S1877042814031103>> accessed 24 September 2018.

²⁵*Aktiebolaget Volvo v. Heritage (Leic) Limited* [2000] FSR 253

²⁶Semila Fernandes , ‘A case study approach - an analysis of the infringement of trademark by comparative advertising’ ICTMS-2013<<https://www.sciencedirect.com/science/article/pii/S1877042814031103>> accessed 25 September 2018.

²⁷*Intel Corporation Inc vs CPM United Kingdom Ltd* [2009] R.P.C. 15

²⁸Semila Fernandes , ‘A case study approach - an analysis of the infringement of trademark by comparative advertising’ ICTMS-2013<<https://www.sciencedirect.com/science/article/pii/S1877042814031103>> accessed 25 September 2018.

²⁹*BMW vs Deenik* [1999] 1 CMLR 1099

until and unless some kind of confusion is created between both the servicing firms³⁰.

III. CONCLUSION

A trader is allowed and has all the rights to declare or make statements that his products are the best in the world but immense care have to taken when using or commenting something or while making statements related to the trademark of others. There are many advertisements which portray the design, trademark of their rival's or competitor's product in a negative way there by damaging or defaming the reputation of their product. The aim of comparative advertising should always be the welfare of consumers but not to earn profits in their business.

Majority of people are mostly attracted to the visual representation than audio. As many commercial advertisements are communicated to public through electronic media which are in the form of visuals, people get easily influenced by advertisements. So defaming the product of competitor through these kind of commercials amounts to disparagement as held by Supreme Court, High Courts and also the law laid down in USA and UK. There are many cases which are discussed above say that there is nothing wrong in boosting about your product and comparing your products with that of other competitors but such comparison should not be in a way that it causes damage to the reputation of the competitor's product. Basically comparative advertising is beneficial and brings awareness in the consumers hence it is permissible but any comparative advertising which leads to the product disparagement is not permissible and the person whoever does so is liable for trademark infringement. The main question here is not about which product is better but about public awareness because as said above comparative advertising has lot of public awareness, disparaging or defaming or misleading advertisement should not mislead public.

³⁰Semila Fernandes , 'A case study approach - an analysis of the infringement of trademark by comparative advertising' ICTMS-2013<<https://www.sciencedirect.com/science/article/pii/S1877042814031103>> accessed 28 September 2018.

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