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Trademark Infringement and Comparative Advertising: Position in the US, UK and India

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Trademarks and comparative advertising go hand in hand in calculating the infringement. Comparative marketing is a marketing strategy used to attract consumers to buy their products over that of their competitors. Various dimensions are prevailing in this perspective and it is important to take a wider view by analyzing legal attributes worldwide. This article limits itself to enabling a conducive study of the position of comparative advertising in India, the US, and the UK. The realm of this marketing technique has its own limitations. An advertisement could be tagged as infringing the product's trademark when the rival promotes this by comparatively advertising it in an unfair trade practice derogating one product over another or simply inducing false notions in their ads. This article tries to unveil the tapestry of various viewpoints of different countries around the world. The objective of implementing this act is to prevent unfair trade practices and curb unhealthy competition which may reduce the potential consumers of a brand.

Keywords: *trademarks, infringement, remedies, competition, unfair trade, false advertising.*

INTRODUCTION

Trademarks act as protectors of identity in the dynamic world of commerce, representing not only goods and services but also the essence of the brand. As a beacon that guides customers

through a multitude of options and ensures they achieve familiarity and quality, a brand, be it a logo, name, symbol or even a distinctive sound, plays the role of role as a market leader. Trademarks are not just a legal idea; they also represent a psychological agreement between a company and its customers.¹ It could be inferred that it represents enduring trust and carries the weight of promises. The strength of a brand lies in its ability to create an immediate mental connection in the mind of the consumer by evoking feelings, memories and expectations associated with the brand's product.

Trademarks, considered a component of intellectual property, grant brands exclusive rights to use their identifying information while protecting them from abuse and unauthorized use by competitors. In addition to branding, brands are important because they foster healthy competition and innovation. Trademarks play an important role in protecting consumers in this environment. Consumers rely on brands to help them make informed judgments because they know that well-known brands represent a specific standard of quality and reliability. However, the distinction between good competition and transgression became increasingly blurred as competitive advertising evolved. A powerful tool like comparative advertising can quickly become a point of contention when brands get involved.

Related legal and ethical issues arise when using comparative advertising in the context of trademark infringement. This complex interplay of rights and boundaries affects how brands communicate their uniqueness and benefits, and how customers perceive these messages. This survey of the core function of brands in branding and consumer protection shows their immense importance. In the context of comparative advertising, we also address the murky issue of brand counterfeiting while attempting to shed light on its changing dynamics and ramifications. In this article, we aim to understand the delicate balance between competition, creativity, and intellectual property protection, and provide information regarding the dynamic environment of contemporary commerce.

¹ NK Acharya, *Text Book of Intellectual Property Rights* (first published 2001, 7th edn, Asia Law House) 50

TRADEMARK CLASH IN ADVERTISING: WHERE COMPETITION MEETS CONTENTION

Comparative advertising, as the word itself suggests is a marketing strategy in which one company directly or indirectly compares its products with that of another company. These other companies may be understood as competitors in the radar of manufacturing and selling the same products where the difference lies in the qualities, innovations, branding, and services. Herein involves a strategy to persuade consumers to purchase the products of the advertisers rather than those of their competitors by depicting several attributes such as branding and style through various portals such as media and papers to grab the attention of the consumers. It is important to understand that a market can't sustain itself without competition, otherwise prevails what we know as a monopoly. According to Adam Smith's invisible hand principle is what regulates the market economy and producers and consumers are the ultimate decision-makers in what they need to produce and consume and in what quality and quantity. Here comes the role of consumer preference ordering where buyers have differences in preferences and what they seek to achieve is maximum satisfaction given they fall within their income bracket. Thus, it is significant to understand the need for multiple options, as they turn out into competitors catering to the needs of different households. As a result, different producers turned competitors to produce the same product with differences that serve as an option to consumers.

Comparative advertising has its pros and cons which we will be dealing with a little later in this article, but before that, we need to understand this is a great contributor in terms of building a brand as it tries to show why people should buy their products over that of others and in what ways they contribute to the economy, environment, and systems. The exemplary notion of comparative advertising is to ensure the protection of consumer interest in the legally prescribed method. Comparative advertising and its scope are increasing manifold in the contemporary world whereby there arises the need to publicize to potential consumers the brands, goods, and services provided by the producers to increase their market value. The need for advertising is advocated by the courts that if it is curbed then people will be deprived of their access to 'know about the product'.

For this article, we will stick to the definition of comparative advertising provided by Thomas E. Bary and Roger L. Tremblay in their article *Comparative Advertising: Perspectives and Issues* - "*Comparative advertising is a creative strategy where the advertised brand is explicitly compared with one or more competing brands and the comparison is obvious to the audience.*"² To be precise it is important to understand there are different types of advertising social advertising, cultural advertising, economic advertising and political advertising each focusing on its causes to promote them and does not interfere with other categories. The free flow of information is what America advocates in the medium of communication.

Advertising one's product is legally permissible as long as it promotes the quality, design, services, and other benefits arising thereof by using the product, however, many have pondered whether or not comparing one's product to another is legally permitted. To answer this one must understand what the advertisement tries to convey by comparing two products from the same category. If these are allowed under the law then we must learn about the laws, the extent of permissibility, the rights of advertisers, legal recourse in case of a breach, and the interest of consumers.

From above we can infer the need to know the rights of advertisers nevertheless the rights of consumers remain hidden in the case of comparative advertising. Having said that the target audience in this case largely remains the consumers, so it is predominant to understand the need for the rights of the consumers in comparative advertising not leaving them confused. A live and recent example could be from the television advertisement of Apple and Samsung, with its 'Next Big Thing' marketing effort, Samsung sought to distinguish its Galaxy S line of smartphones from Apple's iPhone. Funny advertisements from the campaign showed Apple devotees standing in queue for hours for the newest iPhone while Samsung users proudly

² Thomas E. Bary and Roger L. Tremblay, 'Comparative Advertising: Perspectives and Issues' (1975) 4(4) *Journal of Advertising* <<https://doi.org/10.1080/00913367.1975.10672603>> accessed 25 August 2023

displayed the advantages of their Galaxy S phones, frequently generating envy among the Apple throng.³

POSITION IN INDIA

The history of advertising in India can be traced back to the beginning era of trade and commerce, initially, India was reluctant to choose comparative advertising as it was way too complex to interpret the possible drawbacks and lawsuits concerning the same. Time and then, India had to reconsider the choice as many other countries started to adopt laws and amend them to cater to the country's culture. It was the first time that a law enacted by the parliament talked about comparative advertising and that was in the Monopolies and Restrictive Trade Practices (MTRP) Act 1984, the latest chapter advocating the unfair trade practices mentioned that representing similar facts while comparing the products of two different practices doesn't lead to the unfair practice of a trade.⁴

Puffery (exaggerated or false praise) is something that is predominantly in the contest while considering whether the comparative advertisement is violating the rules or not. In the case of *Hindustan Unilever Ltd v Reckitt Benckiser (India) Ltd*,⁵ it was held that Plaintiff is the brand name 'VIM' and Defendant is the proprietor of 'Dettol'. Using their trademarks, both companies conducted comparison advertising for respective dishwashing products. As a result, requests for the granting of temporary injunctions regarding advertisements were made. The Court further noted that, by Section 30 of the Act⁶, one may use another person's trademark to identify goods as belonging to their proprietor, but such use must be honest and may not result in an unfair benefit or harm to the reputation of the trademark. Therefore, comparison advertising is allowed so long as it is truthful, balanced, and does not harm the goods. It additionally said that cases alleging disparagement of goods and services arising out of competitive commercial advertisements were ineligible for the use of truth defenses or legal justifications for defamation.

³ Josh Lawensohn, 'Samsung: our 'next big thing' ads drove Apple's marketing chief 'crazy' (*The Verge*, 02 April 2014) <<https://www.theverge.com/2014/4/1/5571738/samsung-our-next-big-thing-ads-drove-apples-marketing-chief-crazy>> accessed 03 September 2023

⁴ The Monopolies and Restrictive Trade Practices Act 1969

⁵ *Hindustan Unilever Ltd v Reckitt Benckiser (India) Ltd* FAO (OS) (COMM) 157/2021

⁶ Trademarks Act 1999, s 30

Therefore, a trader was not allowed to directly or indirectly use innuendo to market facts, data, figures or flaws in the products of another, especially a competition. A violation of Section 30 of the Act was committed by all four of the ad campaigns in question because they were unfair, detrimental to the parties involved, made with dishonest intent, and broadcast to damage each other's trademark reputation. So, a general injunction is obtained.

It is evident from the above case that the nature of comparative advertisement should be understood to interpret whether an advertisement is infringing or not. The above case law provides a ground rule of things that are allowed and not allowed in comparative advertising. Commercial speech is often compared to comparative advertising as it exponents free speech and recognizes article 19(1)(a) of the Indian Constitution.⁷ Notwithstanding it, one must understand that the law doesn't permit serious comparison of products. In case a product is advertised on its serious comparison then it amounts to declaring the commercial speech as unfair and it invariably tends to denigrate other's product.

POSITION IN THE US

The main objective of US comparative advertising on trademarks is to uphold honesty and create advertisements that do not mislead or exaggerate as it may amount to defamation and unfair competition. To promote disclosure and product differences, the Federal Trade Commission (hereinafter referred to as the FTC) was in the picture in the year 1971.⁸ FTC believes that when a product is promoted in a way that is non-deceptive and truthful to its reasonable knowledge it paves the way to encourage improvement and innovation that hits market sales. FTC permits complete authority in the public's interest compared to other companies whose reputation has been belittled. The burden of proof lies in this company to show that even a reasonable consumer may change his mind because of the serious comparative advertising of the rival.

⁷ Constitution of India 1950, art 19(1)(a)

⁸ 'FTC Proposes Rule to Ban Junk Fees' (*Federal Trade Commission*) <<https://www.ftc.gov/>> accessed 28 August 2023

Other than the FTC is the United States International Trade Commission (hereinafter referred to as the USITC) which provides a remedy to serious comparative advertising. USITC will assume action on a detailed complaint quoting the domestic injury caused by the practices of the responding party in its claim. The rules of both are so similar that the thin difference lies in the USITC not having an affirmative policy to encourage advertisers. Apart from these is the LANHAM ACT, as the other two commissions have their limitations this act provides for the federal remedy in case of unfair competition and false advertising under Section 43(a) of the Lanham Trademark Act⁹. Private suits brought forward by the company are encouraged in this case. To claim a remedy under the act, the plaintiff must bear the burden of proof and must go to an extent to show that these derogatory statements have deceived a substantial number of potential consumers.¹⁰

To claim injunction to the advertisement that is currently aired it lies in the petitioner to show that if this advertisement is not removed from being telecasted then it will enable the company to suffer irreparable losses. If this advertisement is removed then the plaintiff will not suffer any further. Injunctions are granted quicker compared to remedies as they must analyze the corrective advertising, monetary awards, and damages. An action can be brought under FTC, injury and complaint be filed under USITC, and a suit can be claimed from the Lanham Act.¹¹

In the USA, many states have enacted consumer protection laws that include corporate tort liability for making false statements or representations about a good or service. These laws are in addition to the Lanham Act. The Lanham Act does not permit individuals to file legal claims for deceptive advertising, but state consumer statutes do. However, in *Valentine v Chrestensen*¹² in 1942, the Supreme Court of the United States decided that simply commercial speech was not protected by the First Amendment. In such instances, the US Supreme Court affirmed the

⁹ The Lanham Act 1946, s 43(a)

¹⁰ *Ibid*

¹¹ Jenna D. Beller, 'The Law of Comparative Advertising in the United States and Around the World: A Practical Guide for U.S. Lawyers and their Clients' (1995) 29(4) *The International Lawyer*

<<https://scholar.smu.edu/cgi/viewcontent.cgi?article=3133&context=til>> accessed 03 September 2023

¹² *Valentine v Chrestensen* [1942] 316 US 52

legality of commercial speech as well as the rights of advertisers and their rivals, and it overturned laws that attempted to restrict the freedom of commercial expression.¹³

POSITION IN THE UK

As the stringent rules no longer serve the purpose of curbing false comparative advertising, compared to the provisions of the US laws on Comparative advertising the UK is mandated to liberalize its laws to serve the purpose of harmonizing the advertising laws. The European Commission's proposal has the objective to harmonize the free flow of information within the markets. This would enable better reach of information, increase healthy competition, and keep checks and balances on other advertisers.

Each member nation is required by the 1984 Directive to have legal frameworks, procedures, and remedies in place to address the issue of and stop deceptive advertising. The new 1991 amendment would also outlaw comparative advertising that:

- Discredits or defames a competitor or competing products or trademarks;
- To the personality or personal situation of a competitor;
- Explicitly or implicitly identifies a competitor or competing goods or services, unless the comparison is representative, relevant, material, verifiable and fairly chosen.

The British advertising system strongly centres on images rather than facts. They find this advertising distasteful as it appears to be negative in notion i.e. by creating an impolite circumstance. There is no complete ban on comparative advertising by the competitor's trademark not to be infringed. The UK's latest Trademarks Act 1994 relaxes a few of the provisions by allowing more comparative advertising. An advertisement will amount to trademark infringement if it takes an unfair advantage serves as detrimental or derogates the reputation of the product promoted.

¹³ Dr. GV Narasimha Rao, Comparative Advertising- A Boon or Bane to Consumer Interest? (2013) 7(1) NALSAR Law Review <<http://www.commonlii.org/in/journals/NALSARLawRw/2013/3.pdf>> accessed 30 August 2023

It could be understood from the *British case of Ciba-Geigy plc v Parke Davis Co.*¹⁴ that in this instance, the commercial in question attempted to demonstrate that the defendant's product was just as superior to the plaintiffs'. The advertisement claimed that the defendant's anti-inflammatory medicine brand was a 25% less expensive alternative to the plaintiff's brand.¹⁵ The plaintiff attempted to establish that the advertisement violated passing laws. Even if the plaintiff could demonstrate actual losses, the court ruled that this claim was essentially puffing and therefore not actionable at common law. The passing-off cause of action is justified by the idea that no business should be able to claim that the products it sells are the products of another. In conclusion, comparative advertising is tolerated in the United Kingdom but is not encouraged, in contrast to the United States.¹⁶

CONCLUSION

The areas of trademark infringement and comparative advertising have shown to be a dynamic confluence in the global marketplace where innovation and competition collide. This essay has uncovered a tapestry of viewpoints, from the vibrant markets of India to the legal systems of the US and UK. The importance of fairness, truth, and consumer protection is underscored by the overriding principle, even though the limits of what is acceptable in comparison vary across jurisdictions. The various approaches followed by India, the US and the UK show how complex legal standards, cultural quirks and economic factors interact.

¹⁴ *Ciba-Geigy plc v Parke Davis Co* [1994] 14 BMLR 64

¹⁵ Beller (n 12)

¹⁶ *Ibid*