

## INFRINGING TRADEMARK REGIME THROUGH COMPARATIVE ADVERTISEMENT AND PRODUCT DISPARAGEMENT: CRITICAL ANALYSIS

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### ABSTRACT

Comparative advertising came into existence to increase consumer awareness and allow consumer to make a judicial selection from plethora of choices, however under market pressures it has engaged in unhealthy practices of product disparagement and infringement of trademarks. Consequently, in the last few decades, there have been spates of litigations in this regard. As there has been a proliferation in the number of cases in the courts regarding this matter and there have been interestingly such conflicting judgments concerning the issue in the recent past, the topic seemed quite fascinating and motivating to ponder and analyse.

In the modern world, the emergence of Intellectual property rights has been to safeguard and grant exclusive rights to intellectual product like patents, designs, trademarks, copyrights etc. Out of these Intellectual rights, the laws concerning comparative advertising aspects are mainly the laws of trademarks and the general laws pertaining to unfair competition. The research undertaken lies within the broad scope of Intellectual Property Laws pertaining to the aspects of infringement of trademarks and product disparagement in the realm of comparative advertising.

Comparative advertising by means of using another's trademark is permissible, however while doing so the advertiser cannot disparage the goods or services of another. Any such act disparaging the goods or services of another shall not only be an act constituting infringement of the trademark, but shall also be an act constituting product disparagement. This paper analyses the trite law on comparative advertising and product disparagement, in relation to trademark law; in the light of Sections 29(8) and 30(1), of The Trademarks Act, 1999.

Section 29(8) enunciates situations, where use of another's mark in advertising can amount to infringement, if such use does not comply with the conditions laid down under the section. At the same time, Section 30(1) makes such use, an exception, if it is in accordance with the conditions provided under this section. The conditions given under these two legal provisions are identical. The intent of the legislature in enacting the aforementioned provisions is quite apparent: To impose the leniencies of permitted comparative advertising over the stringencies of trademark protection. This paper attempts to explain the basic framework of infringement of trademark by comparative advertising. It explores the history and evolution of trademarks, disparagement of products due to comparative advertising and explores the legal framework and national & international judicial trends pertaining to it.

### STATEMENT OF PROBLEM

The issue of trademark infringement through comparative advertisement and product disparagement remains a highly debated area in intellectual property law. While comparative

advertising, where one brand advertises in direct comparison with another, is permissible in certain jurisdictions, it can lead to the unfair degradation or misrepresentation of a competitor's trademark. The challenge lies in

determining the boundaries between fair use and infringement, especially when it comes to disparagement that harms the reputation of a brand. This research aims to critically analyze the impact of such advertisements on trademark protection, highlighting the legal conflicts, the application of intellectual property laws, and the broader consequences for businesses and consumers in both national and international contexts.

### **SIGNIFICANCE OF STUDY**

The issue of trademark infringement through comparative advertisement and product disparagement remains a highly debated area in intellectual property law. While comparative advertising, where one brand advertises in direct comparison with another, is permissible in certain jurisdictions, it can lead to the unfair degradation or misrepresentation of a competitor's trademark. The challenge lies in determining the boundaries between fair use and infringement, especially when it comes to disparagement that harms the reputation of a brand. This research aims to critically analyze the impact of such advertisements on trademark protection, highlighting the legal conflicts, the application of intellectual property laws, and the broader consequences for businesses and consumers in both national and international contexts.

### **RESEARCH OBJECTIVE**

1. Objective 1: To analyze the legal frameworks surrounding comparative advertisement and product disparagement in trademark law, with a focus on how different legal systems treat such issues.
2. Objective 2: To identify the key factors that determine whether a comparative advertisement or product disparagement constitutes trademark infringement.
3. Objective 3: To assess the impact of comparative advertising on consumer perception and brand reputation in the context of trademark protection.

### **RESEARCH QUESTIONS**

What constitutes comparative advertisement and product disparagement, and how do these practices intersect with trademark infringement laws?

How do different legal jurisdictions address the issue of trademark infringement in the context of comparative advertising and product disparagement?

What factors determine whether a comparative advertisement is considered fair use or an infringement on a competitor's trademark?

### **RESEARCH METHODOLOGY**

**Doctrinal Analysis:** The study will begin with a comprehensive review of existing laws, case laws, statutes, and scholarly articles relating to trademark infringement, comparative advertising, and product disparagement. The focus will be on both national laws (e.g., the Lanham Act in the U.S., European Union directives) and international conventions (such as TRIPS) to explore how these legal regimes treat the subject matter.

**Comparative Case Study Analysis:** The study will include case studies of major legal cases in different jurisdictions to understand how courts handle complaints related to trademark infringement through comparative advertisement and product disparagement. Jurisdictions such as the U.S., the EU, and India will be compared for insights into the varying approaches taken by different legal systems.

**Content Analysis of Advertisements:** A content analysis of real-world advertisements that have been subject to legal scrutiny will be conducted. These ads will be examined to identify patterns of trademark infringement or disparagement and to assess how they align with legal frameworks.

## **INTERFACE BETWEEN COMPARATIVE ADVERTISING & PRODUCT DISPARAGEMENT**

### **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); or a false and injurious statement that discredits or detracts from the reputation of another's property, product or business<sup>39</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>40</sup>

Comparative advertising is often supported on the basis of the argument that advertising is commercial speech and is therefore protected by Article 19 (1) (a) of the Constitution.<sup>41</sup>

However, freedom of speech and expression does not permit defamation and it would be a little far-fetched to say that an advertiser has the liberty to disparage the product of his competitor without any check, under the garb of freedom of speech.<sup>42</sup> The irony remains, that although it is one thing to say that your product is better than that of a rival and it is another thing to say that his product is inferior to your product, still while asserting the latter, the hidden message may be the former, but that is inevitable in the case of a comparison. While comparing two products, the advertised product will, but naturally, have to be shown as better. Product disparagement is not limited to comparative advertising. Even an act on the part of a third party could constitute product disparagement e.g. a newspaper article criticizes a particular good and in the process disparages it.<sup>43</sup> Disparagement by a third party

is not an uncommon phenomenon. In fact, instances of product specific disparagements, such as food products disparagement, have become so common that, in the US, thirteen states have enacted statutes aimed specifically at restricting the disparagement of food products.<sup>44</sup> These statutes generally authorize food producers to sue anyone who disparages a food product with information unsupported by reliable scientific data.<sup>45</sup> However, in such cases the issue does not pertain to comparative advertising, as the goods or services are not used in comparison or comparative advertising, and may not be used in advertising, at all.

The advocates of comparative advertising often argue that trade rivalries and economic battles should remain confined to marketplaces; however the courts have been reluctant to accept this proposition.<sup>46</sup> The courts have in fact also condemned acts of 'generic disparagement', where an advertiser may not disparage the goods or services of a particular proprietor, but the class of goods or services as a whole.<sup>47</sup>

Initially comparative advertising was perceived as free riding on the other trader's goodwill and thereby was treated as an infringement upon the owner's rights.<sup>48</sup> However, under the present statute comparative advertising is permitted within certain limitations.<sup>49</sup> The law on 'Comparative advertising and product disparagement' could be summarized as:

<sup>44</sup> The states with product disparagement statutes in US are: Alabama, Arizona, Colorado, Florida, Georgia, Idaho, Louisiana, Mississippi, North Dakota, Ohio, Oklahoma, South Dakota and Texas.

<sup>45</sup> Texas Beef Group v Winfrey, 11 F Sup 2d 858 (ND Tex 1998), aff'd 201 F.3d 680 (5th Cir 2000)

<sup>46</sup> the proposition that 'trade rivalries and economic battles should remain confined to market was proposed in Erven Warnink BV and Anr v J Townend & Sons (Hull) Limited and Anr 1980 RPC 31; also see White v Mellin 1895 C 154.' However, this proposition was rejected in Pepsi Co Inc. and Ors v Hindustan Coca Cola Ltd and Anr 2003 (27) PTC 305.

<sup>47</sup> Dabur India Ltd v Colgate Palmolive India Ltd IA No 5445/2004 in CS (OS) No 914/2004, decided on 9th September 2004 (Delhi High Court)

<sup>48</sup> Section 4 (1) (b), Trademarks Act, 1938, of UK; also see Bismag Ltd v Amblins (Chemists) Ltd [1940] 2 ALL ER 608 wherein use of another's trademark in advertising was held to be infringement under the 1938 ct

<sup>49</sup> The Trademarks Act 1999, Section 29 (8) and Section 30 (1); also see Trademarks Act (UK) 1994, (6), and Article 3 (a) of Council Directive 84/450/EEC of 10 September,

<sup>39</sup> Garner Bryan, A Black's Law Dictionary, 7th end (West Group, Minnesota) 1999.

<sup>40</sup> Meaning of 'disparagement', as given under Black's Law Dictionary, Garner Bryan, Black's Law Dictionary, 7th end (West Group, Minnesota) 1999.

<sup>41</sup> Tata Press Ltd v Mahanagar Telephone Nigam Ltd AIR 1995 SC 2438

<sup>42</sup> Dabur India Ltd v Wipro Limited CS (OS) No 18 of 2006, decided on 27th March, 2006 (Delhi HC).

<sup>43</sup> Suzuki Motor Corp v Consumers Union of United States Inc., 292 F.3d 1192 (9th Cir 2002)

(a) A tradesman is entitled to declare his goods to be the best in the world, even though the declaration is untrue.

(b) He can also say that his goods are better than his competitors', even though such statement is untrue.

(c) For the purpose of saying that his goods are the best in the world or his goods are better than his competitors', he can even compare the advantages of his goods over the goods of others.

(d) He, however, cannot, while saying that his goods are better than his competitors', say that his competitors' goods are bad. If he says so, he really slanders the goods of his competitors. In other words, he defames his competitors and their goods, which is not permissible.

(e) If there is no defamation to the goods or to the manufacturer of such goods, no action lies; but if there is such defamation, an action lies. And if an action lies for recovery of damages for defamation, then the Court is also competent to grant an order of injunction restraining.<sup>50</sup>

(i) A false or misleading statement of fact has been made about his product;

(ii) That the statement either deceived, or has the capacity to deceive, a substantial segment of potential consumers; and

(iii) The deception is material, in that it is likely to influence consumers' purchasing decisions.<sup>51</sup>

Moreover, the Court, while deciding whether the impugned advertisement disparages the plaintiff's product or not, should bear in mind the intent of the advertisement, its manner, and the theme of the advertisement. Out of these, the manner of the advertisement is of primary

importance because, if the manner is such that it ridicules or condemns the product of the competitor, then it would amount to disparagement. But if the manner is only to show one's product as better or best without derogating the other's product, then that is not actionable.<sup>52</sup>

### Trademark Law and Comparative Advertising

The primary purpose of a trademark is to distinguish the goods of one person from another. Therefore, a trademark enables a consumer to identify the goods and their origin. Hence, 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.<sup>53</sup>

In the case of comparative advertising and product disparagement, trademark issues arise only when a competitor's trademark is used, e.g., in *Duracell International Ltd v. Ever Ready Ltd*.<sup>54</sup> the advertisement in question had referred to the corporate name of the competitor, Duracell Batteries Ltd while depicting the appearance of a distinctive Duracell battery and without mentioning the brand name. It was held that the defendant had not infringed the trademark of the plaintiff. Furthermore, although Duracell had registered its battery as a trademark, it was in copper and black colours, while colours used in the plaintiff's advertisement were white and black. Hence it was held that the defendant had also not infringed that trademark. 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>55</sup>

<sup>50</sup> As laid down in *Reckitt & Colman of India Ltd V M P Ramchandran and Anr* 1999 PTC (19) 741; & *Col oman of India Ltd V Ki wi TTK Ltd* 63 (1996) DLT 29; *Peps i Co I nc. and Ors v Hi ndustan Coca Cola Ltd and Anr* 2003 (27) PTC 305; *Da bur India Ltd v Ema mi Ltd* 2004 (29) PTC 1; *Da bur India Ltd v Wi pro Limited CS (OS) No 18 of 2006*, decided on 27th Ma rch, 2006 (Delhi High Court).

<sup>51</sup> *Pepsi Co Inc. and Ors v Hindustan Coca Cola Ltd and Anr* 2003 (27) PTC 305.

<sup>52</sup> Definition of trademark under Section 2 (zb) of The Trademarks Act, 1999.

<sup>53</sup> Section 29 (8) of The Trademarks Act, 1999 where use of a trademark in advertising could constitute an act of infringement.

<sup>54</sup> *Duracell International Ltd V Ever Ready Ltd* (1998) FSR 87

<sup>55</sup> *Irving's Yeast Vite Ltd v FA Horse-nail* (1934) 51 RPC 110

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.<sup>56</sup> At the same time Section 30 (i) makes comparative advertising an exception, to acts constituting infringement under Section 29. 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.<sup>57</sup>

The phrase 'detrimental to its distinctive character' as given under the aforementioned sections, could be perceived as a situation where a registered trademark is being used by a competitor for the purpose of indicating the origin of the goods as being his, and thereby causing confusion about its origin. However, this is generally not the concern of product disparagement (but may give rise to issues related to comparative advertising).

The advertiser, while using a competitor's trademark, may or may not make a reference to the source or origin of the competing goods, but would certainly not relate such goods, which he is disparaging or disapproving, to himself. Thus, the issues to be addressed from the viewpoint of product disparagement under the aforementioned sections are, 'in accordance with honest practices' and 'is not such as to detrimental to repute of the trademark.'

The phrase 'in accordance with honest practices' as used under Section 29(8) and Section 30(i) of the Trademarks Act, 1999, cannot have a perfect test to construe its meaning. One of the propositions is that it may be interpreted in reference to particular practices or codes of conduct developed in

different trades. However, the courts have rejected this proposition, as it would lead to disparity in standards, making infringement harder to avoid in highly regulated trades than in others. The courts, while admitting that the first part of the section was to give legal sanctity to comparative advertising, referred to the proviso as a 'mess'.<sup>58</sup>

The meanings of the expressions 'in accordance with honest practices' and 'is not such as to be detrimental to the repute of the trademark' appear to be intertwined. Any comparison that causes detriment to the reputation of a trademark owner should be considered dishonest. On the same hand, while making a comparison, a trader cannot say that the goods of a competitor are undesirable or bad, because that would amount to slandering or defaming the competitor and his goods, which would not be in accordance with honest practices, as it would be detrimental to the reputation of a trademark.<sup>59</sup>

Further, the question whether a particular advertisement is 'honest or not' is greatly open ended, and is to be decided from the perspective of a reasonable consumer i.e. whether a reasonable consumer presumed to ignore claims that are considered to be exaggerated, hyperbole, would be likely to say that the advertisement is honest.<sup>60</sup> Moreover, in order to decide the question of disparagement the Court has to come to the conclusion as to how many customers would be influenced by the comparative advertisement and would not purchase the plaintiff's product. Still, the question which remains unanswered is: What would happen in a situation when an advertisement taking unfair advantage of the reputation or of the distinctive character of the mark (which should be considered dishonest),

<sup>56</sup> Section 29 (8) of Trademark Act 1999  
<sup>57</sup> Section 30 (i) of Trademark Act 1999.

<sup>58</sup> Laddie J in Barclays Bank Plc v RBS Advanta [1996] RPC 307  
<sup>59</sup> Kerly's Law on Trademarks and Trade Names 13th edn (Oxford, London) p 366, 13-72  
<sup>60</sup> Pepsi Co Inc. and Ors v Hindustan Coca Cola Ltd and Anr 2003 (27) PTC 305

would be perceived as an honest practice by the consumers?<sup>61</sup>

In case no derogatory reference has been made, no action lies against the advertiser, even if the advertisement does not compare like with like and is untrue, as an advertisement has to be significantly misleading in order to be dishonest. Therefore, if the substance of the comparison remains true, the fact that the representation is literally false will not render the advertisement dishonest.<sup>62</sup> On the other hand if, it were 'materially false', it would be dishonest.<sup>63</sup>

Furthermore, the burden of proof remains upon the trademark owner that the unauthorized use of his mark is not honest, and not upon the user of the mark. Where the advertisement bears more than one meaning the trademark owner in order to succeed has to prove that out of them, only one is dishonest.<sup>64</sup>

#### LEGAL ASPECT COVERING TRADEMARKS AND ITS INFRINGEMENT

Infringement of trademarks, as per Section 29 of the Trademarks Act, 1999, is defined as the use of a mark by an unauthorised or authorised person, or by a person who is not the registered proprietor, which is identical or deceptively similar to the registered trademark in relation to the goods or services for which the trademark is registered. In simple terms, it refers to the violation of the exclusive rights attached to a registered trademark without the permission of the registered owner or licensee. The courts have consistently held that the similarity between two marks and the nature of the goods or services can lead to confusion in the minds of the general public. Such confusion may allow

the infringer to take undue advantage of the hard-earned reputation of the registered trademark. To succeed in a claim for trademark infringement, it must be proven that the infringing mark is either deceptively similar to or identical with the registered trademark.

When can a person be considered as infringing a trademark

Grounds for Trademark Infringement (Section 29, Trademarks Act, 1999)

1. If the mark in dispute is identical with or deceptively similar to the registered trademark and is in relation to the same or similar goods or services.
2. If the identical or similar mark can cause confusion in the minds of the general public to have an association with the registered trademark.
3. If the registered trademark is used as a part of a trade name or business concern for goods and services in respect of which the trademark is registered.
4. If the trademark is advertised and as a result, it takes unfair advantage or is contrary to honest practices or is detrimental to the distinctive character and reputation of the registered trademark.
5. If the registered trademark is used in material meant for packaging or labelling of other goods, or as business papers, without the authorization of the registered user.

Wrongful Application of Trademark (Section 103)

A person is said to be wrongfully applying a trademark under the following conditions:

1. If falsification of a trademark has been committed.
2. If any trademark has been falsely applied to goods or services.

<sup>61</sup> Channel v Triton Packaging Ltd (1993) RPC 32

<sup>62</sup> British Airways Plc v Ryan Air Ltd [2001] ETMR 235.

<sup>63</sup> DSG Retail Ltd (t/a Currys) v Comet Group plc [2002] FSR 899

<sup>64</sup> Vodafone Group v Orange Personal Communication Services [1997] EMLR 84.

3. If a person makes, possesses, or disposes of any instrument with the intent to falsify a trademark.
4. If a person falsely indicates the name of the country or place where the goods have been made, or the name or address of the manufacturer.
5. If a person alters or tampers with the indication of origin applied or required to be applied to a product.

#### Punishment for Trademark Infringement (Falsification)

- Imprisonment: Not less than six months, which may extend to three years.
- Fine: Not less than ₹50,000, which may extend to ₹2,00,000.

However, no punishment shall be imposed if the alleged offender proves any of the following:

1. All reasonable precautions were taken against the commission of such falsification, and at the time of the alleged offence, there was no reason to suspect the trademark's authenticity.
2. The act was committed innocently.
3. On demand by the prosecutor, the accused produced documents showing the manner and person from whom the goods were received.

#### Legal Actions and Remedies Against Trademark Infringement

Trademark infringement can give rise to both civil and criminal actions.

##### Criminal Action:

- A criminal complaint can be filed as trademark infringement is a cognizable offence under the Trademarks Act, 1999.
- A police complaint can be lodged, and the infringer can be prosecuted directly.
- Courts are empowered to suo motu conduct raids and seize infringing materials.

##### Civil Action:

- A suit can be filed regardless of whether the trademark is registered, pending, or unregistered.
- Since trademark infringement is a continuing offence, there is no limitation period for filing a suit.

##### Remedies Granted by the Court:

1. Injunction/stay against the use of the trademark.
2. Damages for the loss suffered.
3. Handing over of accounts and profits earned through the infringing activity.
4. Appointment of a local commissioner for custody or sealing of infringing material and accounts. The court may also direct customs authorities to withhold infringing material from being shipped or sold.
5. Filing of an application under Order 39 Rule 1 & 2 of CPC for temporary or ad interim ex-parte injunctions.

##### What Does Not Amount to Infringement in India?

Under Section 30 of the Trademarks Act, 1999, certain uses of a trademark are not considered infringement. These include specific conditions that serve as valid defences for alleged infringers in an infringement suit.

1. When any person makes use of a trademark in accordance with honest practices in industrial or commercial matters.
2. When such use is not in pursuit of taking undue advantage or proves to be detrimental to the distinctive character or repute of the trademark.
3. Use of a mark for the indication – Whenever any trademark is used in order to indicate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services or any other characteristics of goods or services.
4. Use of mark which is outside the scope of registration – When trademarks are

registered, there are certain cases where they are subjected to certain conditions and limitations. Whenever the alleged infringement is under the ambit of those limitations, then it does not constitute to be a case of infringement of trademarks.

5. Implied consent – Whenever the infringed use of a trademark is in the continuance of the permitted use by the original proprietor who has subsequently not removed or obliterated it, in such cases the use cannot be said to be an infringement.
6. Use of trademark in relation to parts and accessories.
7. Use of trademarks identical or similar to each other.

#### Passing Off

Passing is recognised as a common law tort which is used to protect and enforce unregistered trademarks in India. Like protection of trademarks, passing off also prevents a person from misrepresenting its goods and services from that of the other. The concept of passing off has emerged in the recent past. It has extended its ambit from goods to businesses and services. Today it is even applied to many forms of unfair trading and competition.

There are three elements of passing off popularly known as the classical trinity. These include Reputation, Misrepresentation and damage to goodwill. Common law courts have come up with a few basic characteristics of passing off which include the following:

1. Misrepresentation
2. Made by a person in the course of trade
3. To prospective or ultimate consumers of goods and services
4. To injure the business or goodwill of the other person
5. It causes actual damage to the person by whom the action is brought about.

Whenever such a case of passing off is brought before a court of law, it generally goes to the extent of deciding issues such as:

Firstly, nature of mark;

Secondly, degree of resemblance;

Thirdly, whether the misrepresentation has resulted into causing confusion in the minds of people and ultimately causing loss to the plaintiff;

Fourthly, nature of goods;

Fifthly, similarity in the nature, character and performance of the goods of rival mark;

Sixthly, class of purchasers, their education and intelligence level;

Seventhly, mode of purchasing and surrounding circumstances.

Summary of law on 'comparative advertising and use of a competitor's trademark

1. The primary objective of Section 29 (8) and Section 30 (1) of The Trademarks Act, 1999, is to permit comparative advertising.
2. As long as the use of a competitor's mark is honest, there is nothing wrong in telling the merits of competing goods or services and using registered trademarks to identify them.
3. The onus is on the registered proprietor to show that the factors indicated in the proviso to the section are applicable.
4. There will be no infringement unless the use of the mark is not in accordance with honest practices.
5. The test is objective: Would a reasonable reader be likely to say, upon being given the advertisement, that it is honest.
6. Statutory or industry agreed codes of conduct are not sufficient guide as to whether a practice is honest for the purposes of Section 29 (8) and Section 30 (1). Honesty has to be gauged against as what is reasonable for the relevant public of advertisements for the goods or services in use.

7. It should be borne in mind that general public are used to these ways of advertising.
8. The Act does not impose on the courts an obligation to try and enforce through the legislation a more puritanical standard than the general public would expect from an advertisement.
9. An advertisement, which is significantly misleading is not honest for the purposes of Section 29 (8) and Section 30 (1).
10. The advertisement should be considered as whole.
11. If the background of an advertisement, as a whole, justifies the description then even if it is misleading for interlocutory purposes, it should be permitted.
12. A minute textual examination is not something, which a reasonable reader of an advertisement embarks upon.
13. The court should therefore not encourage a microscopic approach to the construction of an advertisement on a motion of interlocutory relief.<sup>65</sup>

#### TRENDS OF JUDICIAL PRONOUNCEMENTS IN INDIA

Here we discuss cases of prominence in India. The decisions of the Courts indicate that the judiciary tends to accept the global trend of advertising regulation, which allows comparative advertising as a way of ensuring free competition for all market players, provided that the information presented is objective and verifiable, and does not damage the integrity and reputation of the compared trademark. It is vital that the court issues precedents and guidance in order to harmonize the issue at national level.

1. Reckitt & Colman Of India Ltd. V. Kiwi T.T.K. Ltd. (India) (1996)<sup>66</sup>  
(Cherry Blossom vs. KIWI Shoe Polish Case)

<sup>65</sup> As laid down in *Barclays Bank Plc v RBS Advanta* [1996] RPC 307; and in the subsequent case of *Vodafone Group v Orange Personal Communication Services Ltd* [1997] EM LR 84; and as summarized by Mr Michael Crystal (sitting as deputy judge) in *British Telecommunication Plc v AT & T Communications (UK)* [2001] ETM R 235. In these cases, the issue dealt with Section 10 (6) of the Trademarks Act, 1994 of UK.

<sup>66</sup> *Reckitt & Colman of India Ltd. V. Kiwi T.T.K.*, 1996 P.T.C. 193 T 399

Plaintiff: Reckitt & Colman of India Ltd.  
Manufacturer of liquid shoe polish brand Cherry Blossom Premium Liquid Wax Polish

Defendant: Kiwi T.T.K. Ltd., India Manufacturer of liquid shoe polish brand Kiwi

Facts of the comparative advertisement: – In its advertisement KIWI liquid polish claims to be superior than the plaintiffs stating that cherry blossom has less wax and more acrylic content which in due course will crack and cause damage to the footwear. This was also promoted on the website of the defendant as well as point of sale posters 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 plaintiffs' bottle. The defendant also circulated posters with a bottle shown as brand X having a faulty applicator similar to that of the plaintiffs' applicator.

Plaintiff's Complaint: The defendant in the said advertisement has been making a false claim that its product does not drip but the products of "OTHERS" (Brand X) do drip. In case the advertisement was allowed to be circulated in the electronic media or by circulation of "Point of Sale" posters, the same shall not only damage the plaintiff's market share but would also cause irreparable loss to its reputation, goodwill, brand, equity, etc. The advertisement was also stated to be defamatory and malicious and was bound to create an adverse impact upon the consumers. The plaintiff contended that the defendant cannot be allowed to disparage his goods by issuing the impugned advertisements and demanded for ad interim order of injunction restraining the defendant from displaying the impugned advertisements.

Defendant Arguments: The defendant alleged that there was nothing disparaging or defamatory conveyed through the said advertisements against the plaintiff, as no reference whatsoever has been made to Cherry

Blossom Premium Liquid Wax Polish in any of the advertisements in question. In the alternative, it further suggested that even if a reference in the advertisement can be related to the plaintiff, there was nothing unlawful about the statement made as it was a true statement of fact and substance and, accordingly no injunction can be granted. The defendant stated that his claim "KIWI has more natural wax than any other brand or liquid shoe polish. KIWI is richer and thicker and gives you better shine" were not false or misleading for the following reasons: "The laboratory test establishes—that viscosity of KIWI Classic Instant liquid shoe polish is 3.9 centistokes as compared to 2.8 centistokes of CHERRY liquid shoe polish and that his shoe polish has 2.07% of more natural wax than CHERRY liquid shoe polish. More natural wax leads to better shine." Further Kiwi alleged that the advertisement being wholly educative in nature, it had every right to exhibit its quality and characteristics of its product and the same cannot be said to be disparaging or defamatory to the plaintiff nor can it be said to be an exaggeration of the quality of the product of the defendant

Verdict: The Court held that by such act the defendant had disparaged the goods of the plaintiff and was told to restrain from advertising, publishing, printing, circulating or distributing the impugned advertisement with red blob on the bottle of "Brand X". The Delhi High Court also added that the advertiser can puff the goods or make statements that his goods are of superior quality. This shall not provide a cause of action for disparagement. However, advertiser cannot put such statements that disparage or defame the reputation of the competitor and his goods. This can tantamount to disparagement

Analysis: In this case Court opined that a manufacturer is entitled to make an assertion that his goods are the best and also make some affirmation for puffing his goods and the same does not give rise to a cause of action to other traders or manufacturers of similar goods as there is no denigration of the goods of the

manufacturer so doing. However, while puffing his goods a manufacturer is not entitled to state his competitor's goods as bad or depict them in poor light. Such act would be considered as disparagement of the goods of another

2. Reckitt & Colman of India Ltd. V. M.P. Ramachandran and Anr. (1999)<sup>67</sup>



(Ujala vs Robin Blue Case)

Plaintiff: Manufacturers of clothing whitener brand – Robin Blue

Defendant: Manufacturers of clothing whitener brand – Ujala

Facts of Comparative Advertisement: Ujala, a competitor of Robin Blue, released an advertisement showcasing a bottle design strikingly similar to Robin Blue's registered trademark. The ad touted Ujala as an instant violet concentrate for post-wash whitening of white clothes. It criticized the use of 'Neel' as outdated and ineffective. Further in the advertisement the bottle was shown upside-down with the liquid gushing out indicating that the liquid doesn't drip slowly instead gushes out quickly and thus failed to dissolve effectively in water thereby damaging clothes by leaving blue patches on them.

Plaintiff's complaint: Robin Blue affirmed that as no other blue whitener products in the market were priced at Rs. 10, it was obvious that the shown fictitious bottle indicated it to be its

<sup>67</sup> Reckitt & Colman of India Ltd. v. M.P. Ramchandran & Anr. (1999) PTC (19) 741

product. Further as their market share was 56.4% the disparagement of “Neel” would definitely mean denigration of their product as their product was also “Neel” It contended that “Ujala” had intentionally and specifically disparaged „Robin Blue“ and that it was a case of disparagement under Section 36 A (1)(x) of MRTP

Defendant’s arguments: the bottle depicted in the advertisement did not bear any resemblance to „Robin Blue“, and that the object of the portrayal had been merely to assert the technological superiority of “Ujala” over other competing products. The advertisement merely puffed its product

Verdict: The Calcutta High Court held that the assertions (that the compared product was both uneconomical and ineffective) in the defendant’s advertisement were aimed at disparaging the plaintiff’s product and was liable for infringement. Thus an injunction was granted against the defendant, restraining him from broadcasting the said advertisement. However, it differed with the view that simply because Robin Blue is stated to be commanding the market share to the extent of 56.4 per cent is no ground prima facie to come to the conclusion that in common manner it is known as Neel. The Court herein relied upon the common law position as held in De Beers and enunciated the five principles as mentioned in Chapter 3 Article 3.3.1 to state the law on the subject and guide future cases of infringement.

Analysis: A significant aspect is the five principles laid down by the Court to decide on the fairness of the comparison made in an advertisement. But the aspect to ponder at is the broadly liberal attitude adopted towards untrue and imprecise statements. The five principles enunciated considered it permissible to allow the advertiser to enhance the perceived utility of his product, even at the expense of factual accuracy. The emphasis of the Court in this regard was to prevent any damage to the interests of the competing manufacturer or seller, with any active

disparagement of a competing product being impermissible. Although this approach protected the rights of the competing parties but was woefully inadequate in addressing the concerns of the other significant market group, the consumers which would receive untrue information

3. Pepsi Co. Inc. And Ors. V. Hindustan Coca Cola Ltd. And Anr. (2003)<sup>68</sup>



(Pepsi vs. Coca-Cola)

Plaintiff: Pepsi Co. Inc. and Others manufacturer of Soft drink “Pepsi”

Defendant: Hindustan Coca Cola and others manufacturer of Soft drink “Coca-Cola” & “Thumps Up”

Facts: In a series of commercials aired on electronic mediums, in one of them it is shown that when a lead actor asks a kid to his favourite drink for which the response is muted but from the lip movement one can make out it is “Pepsi”. 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 grownups. 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

<sup>68</sup> Pepsi Co. Inc. & Ors. v. Hindustan Coca Cola Ltd, 2003 (27) PTC 305

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 "Thumbs Up" is a right choice, and "Kyo Dil Maange No More" which amounts to respond to Pepsi's famous ad tagline "Yeh dil mange more!".

**Plaintiff Complaint:** The plaintiffs claimed to be exclusive owner and the lawful proprietor of all rights in Pepsi, Globe Device and the phrase YEH DIL MANGE MORE, which were registered. The plaintiffs contended that the use of the word Pepsi or any other deceptively similar word constituted infringement of the plaintiffs registered trademark. The use of the Globe Device or any other device which is a colourable imitation or a substantial reproduction of the said device constituted violation of trademark right and copyright. The use of phrase YEH DIL MANGE MORE or a substantial portion of the same also constitutes infringement of plaintiff's copyright. Further it charged Coco-cola of disparaging and denigrating Pepsi through its advertisement.

**Defendant:** It was contended that defendants are at liberty to puff and promote their goods. According to the defendants the advertisements are nothing more than a parody and were aimed at poking fun at the advertisement of the plaintiffs

**Verdict:** Having regard to the facts and circumstances of the case the court held not to grant injunction in favour of the Pepsi. The Court found the advertisement neither as disparaging nor infringing the competitor's trademarks or copyrights. According to the Court the intention of Coca-Cola was not to deceive the plaintiffs because no false representation was made. In the advertisement the defendants had compared the two drinks and explained to the consumers that one drink is strong and the other drink is sweet and that the children like the sweet taste and finally the choice is left with the

consumers. Of course, an attempt is made to distinguish the taste of both the drinks but without deceiving and causing confusion. The attempt was to puff up its product only. Prima-facie no case is made out for disparagement and the defendants are not passing off their goods as those of the plaintiffs. As the defendants have not used the phrase/slogan YEH DIL MANGE MORE in relation to their products and have used it in a mocking manner only in the course of comparative advertising. This itself would not prima facie amount to infringement of copyright. Further as the Globe Device was not a registered trade mark in India there could be no presumption of its ownership. As the advertising slogans were not literary work they were not the subject of copyright. The Court in its judgment in relation to infringement of trademark said that as the defendants have not used the trade mark PAPPI and device on their products in the course of their trade nor in relation to any goods in respect of which the trade mark is registered. i.e. the defendants have not sold their merchandise goods under the trade mark of the plaintiffs nor have they advertised their products under the plaintiffs' trade mark so this do not cause it to be a case of infringement of trademarks.

**Analysis:** According to the Court, the use of a competitor trade mark if not resulting in any deception/ confusion regarding the source of the product and is just used to refer its owner for the purposes of comparative advertising do not amounts to infringement. In order to decide the question of disparagement the Court has to come to the conclusion as to how many customers so would be influenced by advertisement material into not purchasing a particular product instead of purchasing the rival product. Secondly, it is well known law that merely puffing is not dishonest and mere 'poking fun' at a competitor is a normal practice of comparative advertising and is acceptable in the market. It is fun and can be informative.

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