A Comparative Analysis of Advertising Rules and Regulations in India and the EU

By

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This paper is based on the broad sphere of Intellectual Property Law dealing with the aspects of trademarks and unfair competition in the arena of comparative advertising. The subject of comparative advertising and puffing and its treatment in the United Kingdom/ European Union and Indian jurisdictions shall be dealt with herein. Through this, the authors wish to examine the topic of comparative advertising and the issue of ‘puffing’ and its subsequent effects on the social or pro bono scenario in the context of consumers in the economy. By this, the authors hope to throw light on the conflict between the positive and negative aspects of puffing with regard to the consumer’s interest as a whole and to what extent it is actionable in the two countries. The authors found it an interesting topic to deal with, since there have been conflicting judgments concerning the issue of disparaging advertisements in the recent past.

Introduction

In this era of fierce competition, aggressive marketing and battle of brands, comparative advertising is a very relevant and definitely an interesting phenomenon. We are living in this global village where advertisers are constantly trying to hog the limelight by promoting their brand and stating their own brand better than any other brand in the market.

As consumers, whatever products, goods or services we use has a brand name. But, we hardly take our time out to think how these brands compete with each other by top notch marketing and constant comparison of the merits and demerits of the other brands to prove that one is better than the other. The motive behind such
marketing is to create more consumer demand and therefore more sales henceforth more profit, like a chain reaction.

In this piece of work, the authors will deal with the complex and interesting nature of comparative advertising in the legal scenario. As per the Lexicon, “comparison” means ‘the act of comparing’ or ‘the state of being compared’ while “advertisement” means ‘a paid announcement as a goods for sale in newspapers or magazines or radio or television etc’ or ‘the action of making generally known’. Now, when the two brands battle with each other through the mechanism of advertisement to show one’s superiority over the other in order to capture the market and raise sales by attracting more customers, this state of marketing is known as comparative advertisement.

In this paper, the authors will deal with the comparison in the approach between the United Kingdom (herein after UK) and the Indian jurisdictions when it comes to the core issue of comparative advertising, specifically with respect to the scope of liability and the laws governing these issues thereto in the two jurisdictions. Moreover this paper will also look into the similarity as well as the disparity of the approaches with regard to the same issue between the United Kingdom courts and the decisions or the principles laid down by the Court of Justice of the European Union (hereinafter CJEU).

The authors will carry out the above mentioned comparison by a detailed case study of the two landmark cases from each jurisdiction of the UK and India. This will be followed by a brief study on the approach of the courts and the jurisprudence set with respect to the scope of liability in both, the earlier mentioned jurisdictions separately.

Finally, based on the various guiding principles and the findings, a comparison in the similarity and dissimilarity of the approaches of the English and the Indian courts will be made on this complex yet interestingly intriguing issue of comparative advertising, which is a ‘term used to describe advertisements where the goods and services of one trader are compared with the goods and services of another trader’.

Case studies in the UK/EU Jurisdiction
Let us first deal with the two important cases from the European Union jurisdiction and analyse the approaches the court adopted in the UK, followed by jurisprudence laid down by the CJEU in each case one after the other.

O2 Holdings Ltd /O2 (UK) Ltd V. Hutchison 3G UK Ltd, O2 is one of the leading brands of mobile telephone services in the UK. The said O2 and O2 (UK) Ltd use a

\[2\] ([2006] EWCA Civ 1656)
particular trademark which depicts the images of bubbles with a blue colour background in the rear. Needless to say, O2 owns the trademark mentioned above and is also registered in the UK.

During the year 2004, a new mobile service was launched by a new company namely Hutchison 3G, which emerged in the market with a sign 3. This sign of 3 is symbolic of their ‘three pay scheme’ as a part of their pay as you go service. Now, the dispute arose, when 3G started advertising their services on television in the form of comparing its services with that of O2 in that same advertisement. This was done in very innovative and systematic manner as it always happens in cases of comparative advertising by comparing the pricelists of its services with that of O2 and proclaiming its services to be cheaper than that of O2. In addition to that, this televised form of the ad was done in a way, which started off with bubble images depicting O2 in black and white background this time which moved giving way to H3G. This impliedly depicted the fading away of O2 bubbles with the emergence of H3G, which was compared therein and marketed as cheaper in price. Accordingly, O2 sued H3G for the act of infringing its bubbles trademark before the High Court of England and Wales, Chancery Division.

O2 felt that H3G by its act of televising such an advertisement, using a sign similar to their one, which O2 have owned, have encroached the line of the exclusivity of the right to use such a mark of which, O2 is a proprietor. It is pertinent to mention here that O2 which is symbol of the chemical formula of oxygen, a universal life-giving gas was representative of O2’s services in the UK in a very big way and was a famous one as well which associated them with the mass consumers. It can be said that whenever, such an advertisement is made, it is made with the purpose to carry a sting in the tail of the proprietor of the trademark.

Now, let us look into the approach of the English courts vis-à-vis the High Court, the Chancery Division and the Court of Appeal in this case, before it went to the CJEU. Here, the Judge in his opinion, found out that the advertisement was not in itself misleading in any way as the price comparisons were true and neither did the advertisement try to form any linkage of trade connection to that extent. Interestingly, the Judge felt that the consumers won’t be mislead by such an advertisement and henceforth, they will be sensible enough to look at Hutchison 3G’s advertisement only as a reference made thereto with the objective of comparing the price lists. In this regard, it is important to mention that, Comparative Advertisement under the Directive 2006/114/EC means ‘any advertisement which explicitly or by implication identifies a competitor or goods or services offered by a competitor’.

4 Art. 2(c)
From there on, we come to the core contradiction in the UK courts approach with respect to Articles 5(1)(b) and 4 of the First Council Directive 89/104/EEC\(^5\) and Directive 2006/114/EC \(^6\) respectively. The Judge felt that when the comparative advertiser involves in an act of comparative advertisement without jeopardizing the essential function as to the source or the indication of the origin of trademark of the Trade Mark owner, then Art. 5(1) (b) of the Council Directive 89/104/EEC will not be applicable at all rather, it is felt that such a situation is better handled by the Comparative Advertisement Directive. This proposition simply means the negation of the Council Directive 89/104/EEC in such matters and the subsequently the precedence of the Directive 2006/114/EC. So, one can make out the importance that is showered upon the Comparative Advertisement Directive, as far as courts in the UK are concerned.

Thus, putting the ‘global appreciation test’ in the forefront, the Judges also stated that O2’s use of trademark will not fall within the ambit of the Council Directive 89/104/EEC envisaged defence under Art. 5(1) (b) as the average customers will not in any way be mislead. This definitely paints a lucid picture of the pro-comparative advertising trend in the English courts. The unique feature adopted in this case is that, although protection of a registered trademark fell within the ambit of the Trade Mark Directive, yet due to the very fact that the advertisement corroborated with Art. 4 of the Directive 2006/114/EC, where comparative advertising is permitted, as a result of that, Hutchison 3G was able to avail the defence under article 6(1)(b) of the Council Directive 89/104/EEC. This article says that ‘The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services; provided he uses them in accordance with honest practices in industrial or commercial matters.’

Thus the phrase ‘in accordance with honest practices in industrial and commercial matters’ entailed a special significance which is also provided under section 10(6) of the UK Trade Marks Act’1994 as well.

Now, let us discuss the other facet of this ruling which deals with the aspect of ‘likelihood of confusion’\(^7\) on the part of the public. This is a crucial point that even the CJEU kept in mind while giving its decision and rightly so as to whether such an advertisement would cause confusion in the minds of the public at large. But the

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\(^5\) 89/104/EEC, will be used throughout this Paper for the purpose of representing the Directive relating to Trade Marks accessed from the website <http://oami.europa.eu/en/markaspects/direc/direc.htm> on 2 August 2009

\(^6\) 2006/114/EC, will be used throughout this paper for the purpose of representing the Directive relating to Misleading and Comparative Advertisement accessed from Blackstone’s Statutes on Intellectual Property, 9\(^{th}\) edition by Christie and Gare; Oxford publication pg 412

\(^7\) Article 5(1) (b) of the First Council Directive 89/ 104/EC
loophole if at all, lies in the contradiction of the applicability of the Directive 2006/114/EC and the Council Directive 89/104/EEC running simultaneously and its subsequent scope in the case of registered trademark infringement. The High Court’s decision was challenged by Hutchison 3G as well as O2. O2 felt that its mark was infringed and Hutchison 3G felt that that their act of comparative advertisement did not fall under the scope of Art. 5(1) (b) of the Council Directive 89/104/EEC which goes in favour of O2, the proprietor of the registered mark.

The proceedings were stayed in the Court of Appeal, and several propositions in the form of queries were put forward to the CJEU. Even the CJEU clarified the fact that the use of mark by a third party cannot be stopped by a trade mark owner vide Art. 5(1) (b) of the Council Directive 89/104/EEC if such use corroborates to the principles laid down under the provisions envisaged under Art. 4 of Directive 2006/114/EC.

Further questions were raised on whether the use of a trade mark for the purpose of comparative advertising infringes the rights of the proprietor of the trademark, even if it is truly referred to. This was argued by Hutchison 3G but, the plea was aptly rejected by Lewison J since it was based on a broad open ended proposition and most importantly, acknowledgement of the usage of trademark from a parallel importer can also essentially be referred to as the infringement of the mark.8

The CJEU too has emphasized on the requisite of ‘likelihood of confusion’ and laid down that the trade mark proprietor can only avail the defence under Art 5(1)(b) in a case where such confusion is created in the minds of the general public. Thus, compliance with Art. 4 of the Directive 2006/114/EC provided a shield for the defence against infringement of trademark.9

The CJEU said that violation would only occur in the following cases if the use:

• was in the course of trade;
• was without the trade mark owner’s consent;
• was in relation to the same kinds of goods or services as that for which the trade mark is registered; and
• Confuses consumers as to the origin of the goods or services.

The CJEU said that since the fourth condition was not met, O2 could not oppose the use of the bubbles or its name. Thus, with the effect of Art. 5 (1) (b), if there lies no

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confusion with the consumer or on the minds of the general public, then the Directive 2006/114/EEC will be of no avail and become useless.\textsuperscript{10}

The Court notes that the first three conditions are satisfied in the case in the main proceedings. By contrast, in accordance with the referring court's own findings, the use by H3G of bubble images similar to the trade marks did not give rise to a likelihood of confusion on the part of consumers' reiterated an CJEU statement.

L'Oréal v Bellure NV\textsuperscript{11}, L’Oreal SA and other related companies (L’Oreal) manufacture and sell high-quality perfumes and cosmetics, to meet the demand of the high end market. L’Oreal had registered a number of trademarks in class 3 to protect their products, Trésor and Miracle, including the stylized word marks and shape marks, and a 3D shape mark for Miracle based upon the shape and get-up of the products. The defendants in this case, produced ‘smell-alike’ perfumes with fragrances similar to a number of designer brands of Loreal, and imported them into the UK. Some of the defendants had distributed or sold such products in the UK at a discounted value at the supermarkets. Though similar in fragrance, the bottles and packaging were clearly not identical, although Bellure had admitted that they were intended to give ‘a wink of an eye’ to L’Oreal’s products. The court clearly convicted Bellure for the similar sort of packaging along with the fact that such an act led to unfair competition.\textsuperscript{12}

L’Oreal issued proceedings in the High Court for a trade mark infringement claim. Lewison J gave its decision in favour of L’Oreal concluding that Bellure had taken a ‘free ride’ on the back of L’Oreal’s fine fragrances by using the word marks on the comparison lists. L’Oreal also claimed for an action of passing off tort which fell flat. The court while rendering the decision held that some of the L’Oreal’s shape marks were of high repute. In brief, the Court’s approach towards the case is discussed below as it held the following:

Bellure’s use of comparative table infringed L’Oreal’s word marks for the perfumes as per the Trade Marks Act 1994 which says that: A person infringes a registered trade mark if he uses in the course of the trade a sign which is identical with the trademark in relation to goods or services which are identical with those for which it is registered.\textsuperscript{13} Since it was not in accordance with honest commercial practices or defences afforded by sections 10(6) or 11(2) of the said Act, liability was called for.

\textsuperscript{11} C-487/07, June 18, 2009
\textsuperscript{12} Dr Estelle Derclaye, ‘One on the nose for Bellure: French appellate court confirms that perfumes are copyright protected’ (Journal of Intellectual Property Law & Practice, 2006, Vol. 1, No. 6)
\textsuperscript{13} Section 10(1)
Since none of the names, bottles or packaging of the smell-alikes were so similar to L'Oreal's products as to be likely to cause confusion, hence, the claims under section 10(2) of the Trade Marks Act, 1994 failed which says the following:

A person infringes a registered trademark, if he uses in the course of the trade a sign where because-

(a) The sign is identical with the trademark and is used in relation to goods or services similar to those for which the trademark is registered, or
(b) The sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered, and

There exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trademark.\(^{14}\)

Some of the bottles or packaging of the smell-alikes were similar enough to those of L'Oreal as to likely cause the consumers to develop a link between them. The Court felt that the Bellure’s product was taking unfair advantage by free riding on the reputation of L'Oreal’s products. This approach is definite a commendable and a rational one.

Without any misrepresentation or deception causing confusion, the Judge was clear that no passing-off claim could succeed against Bellure as, the court thought that without any deception having occurred, the tort of passing off lacks the force of law to be enforced. This is possibly one of the reasons why UK is becoming isolated from the members of the Paris Union in its failure to develop purpose built law as a shield against unfair competition\(^{15}\). Corollary to the previous point, there was no tort of unfair competition or passing-off without the proof of misrepresentation or deception.

As a result of this decision by the court, both the Loreal and Bellure appealed against such orders that went against them. In the Court of Appeal, the majority of issues addressed by Lewison J were upheld. Most part of the judgment dealt with the issue of the use of L'Oreal's trademarks in the price comparison lists. L'Oreal's cross-appeal was failed, as it got dismissed, while the defendant's appeal was stayed pending the referral of a number of questions to the CJEU. The court aptly asked for justification on the subject of the comparison lists, and the time or situation when 'free-riding' becomes impermissible. It also asked about the scope unfair advantage under the Council Directive 89/104/EEC and Directive 2006/114/EC. In this respect, the following five questions were referred to the CJEU:

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\(^{14}\) Section 10(2) of the Trade Marks Act 1994

\(^{15}\) Tom Alkin. 'Should there be a tort of 'Unfair Competition' in English law' (Journal of Intellectual Property Law & Practice, 2008, Vol. 3, No. 1)
1. Whether use of a mark by a third party with respect to the descriptive nature of the mark, tantamount to infringement as per the Council Directive 89/104/EEC?

2. Since the list incorporates comparisons where, similar marks are involved to give the ‘wink’ of an eye to the Bellure’s product, will it in that case infringe the law in the Council Directive 89/104/EEC which says that:

   The registered trademark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade: any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

   Or respite will be given because the essential function as to the guarantee of origin is not affected?

3. What would be the actual meaning and extent of unfair advantage as per the Directive 2006/114/EC under Art.3a(1)(g) (now Art. 4(f) vide Directive 2006/114) and whether such usage of similar marks in comparison list as it happened here in this case, can be said to have struck by the illegality of unfair advantage?

4. What is the actual scope of presenting goods, as replicas/imitations as per Art. 4 (f) of the Directive 2006/114/EC with respect to gaining commercial advantage?


   Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.\(^{17}\)

\(^{16}\) Art.5(1) (a)
\(^{17}\) Art 5 (2)
In this regard, Jacob LJ seemed more in favour of the comparative lists as opposed to Blackburne J, with whom, the total concept of free-ridding did not go well at all. The CJEU passed a historic, strict and a clear cut judgment in favour of Loreal by reinstating the fact that, Bellure took unfair advantage of the reputation gained by Loreal with respect to its trademark and the high quality reputation that Loreal has built over the years with respect to the usage of their trademark and also negated the plea of Bellure that comparative advertising was permitted as per the comparative advertising rules.

The issue of unfair advantage has been dealt in a very categorical and systematic manner by the CJEU. It has actually gone onto pass the judgment as never before, to the extent of not corroborating to the decision rendered in the famous Intel case, which will be discussed later. On the issue of unfair advantage, the CJEU held Bellure liable under Art. 5(2) of the Council Directive 89/104/EEC, after thoroughly taking a deep insight on the nuances of all the possible infringement that could have taken place, which are as follows:

- Detriment to the distinctive character of the mark,
- Detriment to the reputation of the mark and,
- Unfair advantage that the third party has gained.

While dealing with this issue, the CJEU made it clear that infringing any one of the above-mentioned three criterias would lead to trademark infringement under Art. 5 (2). But one feels that this Article should grant Member States with extensive protection but it seems just the otherwise or rather too narrow in its ambit\textsuperscript{18}. During the process of deciding this core issue of unfair advantage, the CJEU also took note of the global assessment comprising of various factors with respect to Trade Marks such as:

- Degree of distinctiveness,
- Degree of similarity,
- Degree of reputation,
- Degree of proximity of the goods and services in relation to the other product,
- Intent on the part of the third party to secure a commercial advantage by deriving the reputation and the power of attraction of the original registered trade mark,
- Likelihood of dilution and tarnishment of the mark.

The CJEU went to say that how easily a detriment has been caused to a particular mark is directly proportional to the strength, might, reputation and distinctiveness of the mark. In other words it can be said that the stronger the reputation of the mark, the more easy it becomes for the mark to get victimized as the latter replicated mark will take unfair advantage of the earlier original mark due to the fame, goodwill, high

reputation and market demand of the actual product, goods or services. The masses then tend to associate the replicated mark with the original one which has a distinctive face value and aura in the market. This is what CJEU describes as:

“...ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark’s image.”

Thus, in this case, the intent of the advertiser is of immense consequence. If there is a clear intent on the part of the advertiser to take a free-ride on the reputation of a reputed mark to enhance his product’s sales and thereby making financial gains, then it must be considered unfair. What happened here, is, Bellure explicitly tried to attract the customers with the aid of a ‘wink’ of an eye similarity of the packaging of it with the world famous Loreal perfumes to use L’Oreal’s ‘power of attraction’ in their favour, which has led to the taking of unfair advantage of L’Oreal’s reputation to enhance their own economic gain. This will remain an act of gaining unfair advantage even if the reputed brand did not suffer any financial detriment.

Here, in this case, the CJEU in eventuality went on to take a much stricter view, than the one in Intel by stating that no proof of detriment is required whilst proving unfair advantage. When a consumer sees a particular mark, it would appear in his mind, the mark’s close nexus with the original registered trademark coupled with the fact that the advertiser did the same with the intention to create a link between the two marks in the consumer’s mind in order to derive a commercial advantage. Now, in this above scenario, there are two propositions, but the CJEU have gone to the extent of negating the criteria of linkage in the mind or the possibility of detriment to the mark while proving unfair advantage. Henceforth, one can say that the CJEU have made it easy for brand owners and registered trademark holders to prove unfair advantage without the need to establish the quantum of damage suffered or the confusion created due to the similarity of the almost identical marks.

The CJEU further stated that it was illegal to promote one’s products in the form of gods and services as imitation or replicas of another which has a registered trade mark. This will not only infringe Art 5(2) of First Council Directive 89/104/EEC but also the Directive 2006/114/EC rules on defences vide Art. 4(f) and Art. 4(g). Here it was pointed out that Bellure adopted the approach of presenting its perfumes as imitation to that of Loreal which again falls within the ambit of illegality under unfair advantage specially bearing in mind, such approach is coupled with the comparison list as well. It is important to note that comparative advertising will not amount to taking of unfair advantage by one brand owner against the other if it is consistent with Art. 4(f) and Art. 4(g) of the Directive 2006/114/EC. One might have said that,

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19 Case C-487/07 para 1
Loreal would have etched out a plea of defence on the basis of the robust outlook towards honesty by claiming that they have used the trade mark on a purely descriptive note. Thus, their act will fall outside the scope of Section 10(1) of the Trade Mark Act’1994 and Art. 5(1)(a) of the First Council Directive 89/104/EC\textsuperscript{20}.

Herein rise the complex issue and the question referred as to whether Art. 5(1) of First Council Directive 89/104/EEC allow a trade mark holder to prevent the use of its mark in comparative advertising where such an use doesn’t clash with infringing the essential function of the mark as to the origin of the goods and services but plays a vital role in giving impetus and promotion to the third party’s product. In this case, the marks related to the goods were so similar that, it was found out that Art. 5(1) was infringed and the proof for the likelihood of confusion was immaterial. Proceeding further, the CJEU went a step higher to pronounce that while invoking Art. 5(1)(a) of the First Council Directive 89/104/EEC, it would not only confine the limit to the origin of the goods but, the protection will in fact extend to other functions of the marks as well like the quality function, communication function, investment function and finally advertising function as a whole. This meant that, now the trademark owner’s scope to protect their respective marks in goods and services had a bigger ambit since infringement no more narrowly based upon the origin of goods and services or essential function of the trade mark but also equally on other functions as well.

This in a broader and conceptual way means that now after the passing of this decision by the CJEU, all other functions of a trademark will be treated as essential function on the face of it. Thus, the CJEU has clearly turned down the defendant’s plea of defence on the basis of comparative advertising as per the Directive 2006/114/EC, which clearly vide Art.4 (f) and Art.4 (g) states that comparative advertising is only permissible where no unfair advantage is taken and goods or services are not presented as replicas or imitation having a protected trademark respectively.

This decision by the CJEU is indeed a landmark decision in its truest essence which will be big relief for the brand owners especially in today’s world where brands carry a different significance and where the bandwagon effect among consumers in economic terms is ever increasing.

**Scope of liability and the difference in approach between CJEU and UK courts**

It is evident that the UK courts are more pro comparative advertising than the CJEU. In other words, the CJEU is more in favour of brand owners. It must be said that although, comparative advertising is more mass friendly as consumers being the lay

man do get the opportunity to know about the merits and demerits of various products, but this phenomenon can rightfully happen only when comparative advertising is done without any mala fide intent.\textsuperscript{21}

In the O2 case, there is a clear contradiction between the Council Directive 89/104/EEC and the Directive 2006/114/EC. As per Directive 2006/114/EC, the likelihood of confusion in the minds of the consumer or the public is one of the major grounds whereby, if there is any confusion, comparative advertising will not be permitted. This provision is also in harmony with the Council Directive 89/104/EEC. Now, with respect to scope of liability, there is an area of uncertainty when it comes to the issue of whether, a brand owner can take the plea of trade mark infringement in the case of comparative advertising. From the O2 case, there is no doubt about the CJEU’s ruling that trade mark infringement plea can be taken but with the sole condition that the use of similar mark by the third party led to the confusion among the public and the general consumers. Nevertheless it is a big relief for the brand owners, as they can now avail the defences under Art.5 (1) (b) of the Council Directive 89/104/EEC but only by evidencing the creation of confusion with respect to its product and that of the comparative advertiser in the market.

The CJEU’s rational decision has been a boon for trademark owners. But, the CJEU’s judgment in the subsequent Loreal case evidences a clear disparity between the UK courts and the CJEU. Not only the CJEU in the Loreal case construed the meaning of “unfair advantage” or “free riding” in a very strict sense of the term, but also it clearly sent a statement to the comparative advertiser to be extremely careful while making such comparisons. This decision of the CJEU is clearly more pro brand owners. In this respect, it departed from the ruling that was set out in the Intel Case where, to show that the mark has been infringed, it was needed to show that there has been a “change in the economic behavior” of the general public or the consumers, thereby causing detriment to the distinctive character of the mark.

The Intel case\textsuperscript{22} dealt with the one of the integral issues in the Council Directive 89/104/EEC which says the following:

\begin{quote}
Any Member State may furthermore provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that... the trade mark is identical with, or similar to, an earlier national trade mark within the meaning of paragraph 2 and is to, or has been, registered for goods or services which are not similar to those for which the earlier trade mark is registered, where the earlier trade mark has a reputation in the Member State concerned and where the use of the later trade mark
\end{quote}

\textsuperscript{21} Jessica Lee and Andrew Norris, ‘The CJEU eases the way for comparative advertisers’ \textless http://jiplp.oxfordjournals.org/cgi/content/full/jpl227v1\textgreater accessed 28 May 2009

\textsuperscript{22} Intel Corp Inc V. CPM United Kingdom Ltd (C-252/07)
without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.\(^{23}\)

But to provide evidence of the economic shift was always going to be difficult for the brand owners whose mark had been infringed. But, the CJEU now with the Loreal case made a giant leap and set the benchmark for the comparative advertisers lot higher than usual. The authors do feel that this decision is welcomed and is more in sync with the modern day global scenario of advertising where puffing has become an act of bread and butter for the advertisers to promote his own goods.

**Case studies in the Indian Jurisdiction**

Now, let us take a close look at the cases in India and how the courts have approached it. In Reckitt & Colman of India Ltd. V. Kiwi T.T.K. Ltd\(^ {24} \), one of the landmark and classic cases of comparative advertisement that have taken place in the past with respect to the Indian jurisdiction. Landmark because the court here used the well settled law with regard to comparative advertisement that was set in the Calcutta High Court case of Reckitt, that will be dealt with later during the analysis of the court’s approach in this case.

In this case, it was yet another advertisement war between two liquid shoe polish companies namely, Reckitt and Coleman of India Ltd hereinafter named as the Plaintiff and Kiwi T.T.K Ltd, hereinafter known as the defendant. The plaintiff’s product, Cherry Blossom Premium Liquid Wax Polish, comprised of the Carnauba wax from Brazil, which has a rich wax content formula and therefore considered and marketed as better shoe polish than any other similar product in the market to the extent of 65% of share in the market compared to that of the Defendant which has just 20% of the market share.

The other reason for such marketing was because of the fast that the defendants used the chemical Montana, which had more acrylic content compared to wax, that was harmful for the shoes. Secondly, Cherry Blossom comprised of a high quality applicator imported from abroad that fitted properly into the angular neck bottle structure which was easy to use and such design of the bottle was also registered under the law.

Now, the defendant while promoting the product through displays in advertisements in the electronic medium stated “KIWI” on the one side of the white surface and “OTHERS” on the other side with their respective liquid wax. The advertisement showed the wax used to write “OTHERS” dripped from the surface while the “KIWI” one would stick properly. To add to that, the bottle named “Brand X” used to write

\(^{23}\) Art 4 (4)(a)  
\(^{24}\) 63 (1996) DLT 29
“OTHERS” was of the same shape as that of the registered designed bottle of Cherry Blossom coupled with a red blob on top of the bottle surface, which was symbolic of cherry. This advertisement was used vehemently both in the electronic media as well as the “point of sale posters” at every market and shops that sold this product. The icing on the cake in this advertisement was that, the imported applicator that was used by the plaintiff was referenced as a faulty one. So naturally, a plea for injunction was filed by the Plaintiff to the end of stopping this advertisement of the defendant company.

Clearly, the plaintiff felt that such advertisements were purely designed to slander their product. The plaintiff rightly felt that the defendant have made a false claim in this regard by claiming that the defendant’s product had more wax than any other liquid shoe polishes present in the market at that point of time. In brief, the plaintiff was of the opinion that the false and malicious content in the advertisement would cause irreparable loss to plaintiff’s repute and goodwill in the market scenario. This ad to them was no less than a defamatory one which would create a bad impression in the minds of the consumers. The defendant too, opposed the claim of the plaintiff by counter-affidavit and counter-claims to prove that their advertisement was not disparaging by nature in any way.

At the very beginning, though the defendant withdrew all the point of sale posters and also got rid of the red blob that was depicted as the implied form of cherry, the lawyer on behalf of the plaintiff also contended for a chemical test to show if at all Montana, the chemical used by the defendant was superior to that of Carnauba, one used by the plaintiff. In furtherance of that, the plaintiff alleged that the advertisement of the defendant misrepresentative in nature and a derogatory one.

The court’s approach in this case was also a transparent and rational one and more practical situation wise driven. It looked into the matter of advertisement and tried to find out whether such advertisement was at all referable to the plaintiff in particular. Coupled with this approach, comes the vital approach in a big country like India, where court looked into the advertisement from the point of view of whether such an advertisement would create confusion in the minds of the public at large and most importantly, whether the masses will be able to relate to such an advertisement. From here comes the crucial aspect of whether the product can be identified with the corresponding advertisement. Needless to say, the authors as well think that a product can be identified with a certain advertisement only when a linkage can be drawn between the minds of the consumers and such ad and as result of that people can relate to the particular product with that advertisement.

Then the court laid down the famous five principles on which comparative advertising was to be assessed, which were later endorsed in the case of Reckitt and Coleman of
India Ltd V. M.P. Ramachandran and Anr\textsuperscript{25} by the Calcutta High court\textsuperscript{26}. The following rules are envisaged hereunder:

1. A tradesman is entitled to declare his goods to be best in the words, even though the declaration is untrue;
2. He can also say that my goods are better than his competitors', even though such statement is untrue;
3. 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;
4. He, however, cannot while saying 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;
5. 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 repetition of such defamation\textsuperscript{27}.

Henceforth, here again the settled approach was given preference by the court as it held that, even an untrue claim of an advertiser by superfluously stating its product’s superiority is acceptable, but denigration, defamation or slander of the competitor’s goods will be held illegal by law. Even the claim of one’s good to be better than that of the other is justified but in an effort to do that, one cannot state that the product of the other brand is bad. Here the authors simplify the procedure adopted by the court, through the following illustrative example:

Brand ‘A’ can state that it is the best or better than Brand ‘B’, but it cannot state that Brand ‘B’ is not as good as ‘A’ or bad.

For the purpose of the above proposition, the product owner can even go to the extent of merits and demerits of one good over the other but the moment, a brand is illicitly defamed through an advertisement, than an action in the form of damages lie caused due to such defamation and as a consequence, injunction would be ordered to restrain the functioning of such ad thereby keeping a check on the same defamation being repeated again and again. Thus here too injunction was granted by the court on a rational and apt basis against the Kiwi advertisement and subsequently, it was stopped.

\textsuperscript{25} 1999 PTC (19) 741
\textsuperscript{27} 1999 PTC (19) 741
The next case for consideration being Hindustan Lever Ltd. V. Colgate Palmolive (I) Ltd\(^{28}\) in this case, Colgate-Palmolive Ltd is the manufacturer of Colgate dental cream, hereinafter known as the respondent. Hindustan Lever Limited is the appellant, who has recently manufactured the ‘new pepsodent’ toothpaste and has introduced them into the market. Hindustan lever Ltd while marketing its new pepsodent toothpaste aggressively stated that its new product was 102% superior in comparison to the leading toothpaste brand. This advertisement was put into limelight via advertisement in newspapers, hoarding, visual and other print media. Now, this advertisement was done in the form of a comparison. The advertisement showed and compared two pictorial representations. On one it showed the sample of smear or saliva in one person which was contaminated with germs after several hours of brushing with the leading toothpaste and on the other hand, the same advertisement showed the saliva of the other person who had brushed his tooth with the new pepsodent introduced by the appellant and it clearly depicted negligible amount of germs infection in it. The advertisement further subscribed the fact that the new pepsodent had undergone the through test provided by the Hindustan Lever Dental Research Centre via the germ check formula and openly mentioned that the new toothpaste was not only twice as good as the leading brand but also it is 102% superior to that product. This advertisement and the comparison therein were done with the aid of two boys whose saliva was compared as mentioned before. While the saliva of the negligibly infected boy, quite obviously was using the appellant’s product, but the guy whose saliva was more infected after the leading toothpaste, made a lip movement which as per Colgate-Palmolive Ltd impliedly meant Colgate, their brand. The lip sync according to them amounted to saying Colgate despite the very fact, the ad was cleverly muted at that point of time and while the muting was set into the ad, the music or the jingle that that occurred in the background was that used by Colgate in its advertisement.

Thus, the respondent felt that such an advertisement was an effort to disparage its product and the result would lead to confusion in the minds of the people. As a result of that, the respondents filed an application for injunction in an effort to restrain the appellant from prohibiting the marketing of such an advertisement to the Monopolist and Restrictive Trade Practices Commission based on Sections 10, 36A, 36B of the Monopolist and Restrictive Trade Practices Act, 1969. Special emphasis was laid upon section 36A (viii) and (x) of the above mentioned Act. Moreover, an application for interim injunction was filed under section 12A of the MRTP Act. Thus, the respondents clearly based their arguments on the basis of unfair trade practice that had been practiced by the appellant in order to increase the sales of its product and in doing that, it has disparaged the leading Colgate toothpaste and have adopted unfair means in doing the same. So, to the respondent, it was a clear case of deception.

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\(^{28}\) 1998 AIR SC 526
Hindustan Lever Ltd opposed the claim of the respondent by stating that their advertisement published in the various forms of the media did not tantamount to unfair trade practice and it was not a suitable case to grant injunction in favour of the respondent. In stating that, the appellant counter claimed that Hindustan Lever should prove the fact that its product was not 102% inferior to that of the appellant and prove them false as the burden of proof lied on them as per the law to negate the advertisement and unless the same was proved, the application for injunction will not stand.

Now will be described the approach of the MRTP Commission and the Supreme Court of India adopted in this case. It is important to note that the Commission granted a discretionary temporary injunction in favour of Colgate Palmolive. What is important to see here are the steps which the Commission took while it came to the conclusion of granting an interim relief on the respondent's side, as this paper deals with the comparative approaches of the Court's in the European and Indian jurisdiction.

In this case, the Commission felt that the explicit statement made by the appellant, stating that its product is 102% better than the leading brand only meant that the leading brand was 102% worse or not as good as the appellant's toothpaste. As the law in India suggests, comparative advertising is allowed, only to the extent that one brand does not defame or slander the other brand. In this case, the authors too feel that the Commission was right in getting into the hidden in-depth implication of the statement of superiority. There is no problem in stating that New Pepsodent is good or even best in the market even if such a claim is untrue. But in this case, it was implied that the other leading product was 102% inferior. Henceforth, it was an implied case of defaming or slandering a product in the eyes of the public at large as the advertisement was telecasted through the various mediums of the media.

The Commission's approach was clear in this case that even a hint or an allusive implication is good enough for a case of disparagement if that can be inferred from the statement in a comparative advertisement for the purpose of attracting section 36(x) of the Monopolist and Restrictive Trade Practices Act 1969. Accordingly, both the brands placed opinion experts in front of the Commission and both stating that the statements are technically proved. So, with the issue of technicality setting in, the situation became a bit dicey for the Commission. As a result of the technicality with respect to the germs content report provided by both Hindustan Lever and Colgate Palmolive Ltd, the Commission felt that it was a matter that required high level of technical expertise and henceforth asked the parties to provide their nominated experts within a specified time limit to prove their technicality.

In the meantime, the Commission asked the two parties to the dispute to nominate an expert each and the third expert to be nominated by the MRTPC itself to find out the truthfulness or the falsity of the statement with regard to superiority or inferiority of one product over the other on the issue of germ checking content. While such an action was taken, the Commission ordered for a temporary injunction order which will
be ‘subject to modification, variation or vacation after perusing the opinion of the panel of experts. . . .’

Thus on the face of it, it was clear that the Commission identified the advertisement of the New Pepsodent referable to Colgate. To add to that, the market survey stated that although the advertisement did not in particular, expressly mention the name of Colgate, as the leading brand, yet it was clear that at that point of time, Colgate was the leading brand of toothpaste in India on the sheer dominance of usage among the masses.

The Commission while coming to this conclusion put forward the precedent set in Colgate Palmolive Pvt. Ltd. v. Rexona Pty. Ltd\textsuperscript{29} in Australia, where interim order was granted against the making of tall claims like the one in this case. Not only that, such aforesaid injunction was ordered much before the truthfulness or sanctity of the claim was established in the courts of law. Thus the Commission felt that the same applied here as well and therefore there was not any problem in ruling the interim order in favour of the respondent despite the fact that the superiority claim had not been established by a neutral expert body at the trial at that point in time. This approach of the Commission was clearly a measure to prevent any pecuniary or goodwill damage that Colgate Palmolive Ltd might suffer as a result of the disputed tall claimed advertisement.

From the above-mentioned point, comes the next crucial aspect of the approach of ‘balance of convenience’ which the Commission gave a thorough look into. This step was in respect to the advertisement being circulated throughout the media vis-à-vis audio, visual, print, hoarding and others, which was good enough to create a wrong impression in the minds of the customers and even for that matter, the prospective customers as the authors thinks who already were, now are and will in future buy or use the disparaged product. To bear testimony to this approach, put into exercise by the Commission while deciding the case, the evidence as to the reduction of sale in the year 1997 from 5% to 8% during the months of August to September was shown by Colgate Palmolive Ltd.

The important aspect here is that, even while taking the decision against the appellant, the Commission actually made an observation prior to the order of injunction that such an order will not pecuniary wise cause loss to the appellant and rather, Hindustan Palmolive Ltd would save on its advertisement expenses during that particular period of time while such expert opinion is given finally. So, this was definitely a judgment of its kind as far as the Indian courts go. Here the Commission explicitly barred the advertisement on the basis of a tall statement made during a comparative advertisement and made it clear that such an ad can only be aired if it can be technically proven to that extent as it would not mislead the public at large. It

\textsuperscript{29} (1981) 37 ALR 391; ALR stands for Australian Law Report
was a clear effort to protect the consumer’s interest. Although, this ruling was
vehemently argued by the opposition, all the contentions fell flat on the ground as
the Commission felt that both the public interest and the trader’s interest would be
prejudicially affected. Thus the pro bono scenario and the interest of the consumers
were specifically kept in mind while dealing with this issue.

This was definitely a landmark judgment by the Commission which can be seen as a
precedent to the extent that even the apex court of India felt that it was not a case fit
to be interfered upon as it needed technical opinion and high level of expertise to get
into the truthfulness of the case and dismissed the appeal upholding the
Commission’s ruling as it felt that the court’s interference would adversely affect the
matter. Hence it was clear that even the Supreme Court of India endorsed the view
set by the Commission with respect to the case of comparative advertising.

**Scope of liability and the approach of Indian Courts**

It can be ascertained that the Indian courts in the recent past have dealt with the
issue of comparative advertising on clear and strict terms. The laws relating to
comparative advertising is dealt with under the various colours and shades of
misleading advertisements, unfair competition and of course disparaging or
comparative advertisements in the Monopolist and Restrictive Trade Practices
Act(MRTP Act\(^{30}\) ,amended in 1984 to include Unfair Competition) , Trade Marks Act\(^{31}\),
Consumer Protection Act\(^{32}\), Competition Act\(^{33}\). Of the above mentioned Acts, we have
already dealt with the relevant provisions of the MRTP Act before while doing the
case studies.

The Trade Marks Act 1999 was a refreshing change in the field of comparative
advertising which provisions are inspired by the UK Trade Marks Act’1994. Section
30(1) of the Act permits comparative advertising stating that:

> Nothing in section 29 shall be construed as preventing the use of a registered
> trademark by any person for the purposes of identifying goods or services as those of the proprietor provided the use-
> a) Is in accordance with honest practices in industrial or commercial matters, and,
> b) Is not such as to take unfair advantage of or be detrimental to the distinctive character or repute of the trademark.

The following limitations, which are as follows, vide Section 29 (8), where a registered
trademark is infringed if the comparative advertiser’s advertisement:

\(^{30}\) 1969  
\(^{31}\) 1999  
\(^{32}\) 1986  
\(^{33}\) 2002
• takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or
• is detrimental to its distinctive character; or
• is against the reputation of the trademark.

Needless to say that the Trade Mark Act 1999 answered the issues which the MRTP Act 1969\textsuperscript{34} could not, with respect to the use of registered trademark. The Trade Marks Act (after its amendment in 1999) was more progressive by nature and clearly dealt with the issue of the scope of liability in comparative advertising at a time when the Indian economy saw a boom with the markets opening up as a part of liberalization of trade and commerce and international business intercourse in the global economic scenario with more and more brand owners entering the Indian market. The MRTP Act was slightly more stringent in approach as it primarily dealt with the issue of puffing or disparagement only as long as the product was puffed or disparaged was identifiable as setting a link with the main product to the public or the consumers at large.

To add to that, Section 30(2) (a) of the Trademark Act\textsuperscript{35} too allowed the usage of registered trademark with relation to goods or services which is indicative of the kind, quality, quantity, intended purpose, value, geographical origin etc. Thus Section 10(6) and section 11(2) of the UK Trademarks Act\textsuperscript{36} paved the way for the Indian laws as well.

Now, moving away from the Trademark Act\textsuperscript{37}, we find that the provisions of unfair competition coupled with comparative and misleading advertisement in the Consumer Protection Act\textsuperscript{38} as well vide Clause 1 of section 2. The various acts that would lead to unfair trade practice under these above mentioned sections are when an act:

‘(i) falsely represents that the goods are of a particular standard, quality, quantity, grade, composition, style or model;’ or,
'(ix) materially misleads the public concerning the price at which a product or like products or goods or services, have been or 'are, ordinarily sold or provided, and, for this purpose, a representation as to price shall be deemed to refer to the price at which the product or goods or services has or have been sold by sellers or provided by suppliers generally. In the relevant market unless it is clearly specified to be .the price at which the product has been sold

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\textsuperscript{34} Amended in 1984  
\textsuperscript{35} 1999  
\textsuperscript{36} 1994  
\textsuperscript{37} 1999  
\textsuperscript{38} 1986
or services have been provided by the person by whom or on whose behalf the representation is made;’ or,
‘(x) gives false or misleading facts disparaging the goods, services or trade of another person.’

Thus, the law relating to puffing or commercial disparagement seems to be settled to the extent that after doing the detailed case study of the two landmark cases before in this paper, is clear that an advertiser can falsely claim that his product is better than that of its competitor, but the line is crossed, when he says that the competitor’s product is bad. This tarnishes the goodwill or image of the other product. The courts in India are against such statement which denigrates a product, goods or services. As discussed in the Hindustan Lever Ltd v. Colgate Palmolive (I) Ltd\(^{39}\) case before where, the defendant claimed that its product is 102% superior but the court went into the deeper insight of the clandestine meaning, and held it to be wrong as the same proposition to the court meant that the plaintiff’s product was 102% inferior to that of the defendant. That entailed wrongful puffing and henceforth held to be actionable.

It has been seen more often than not in the past that while deciding cases of comparative advertising, the Judges slipped into the shoes of the average consumers look at the cases from a more public or mass oriented point of view. When the goods disparaged form a link between the plaintiff’s product and the third party from the viewpoint of the consumers, it leads to disparagement. Off late with so many Acts coming together along with the advent of the new Competition Act\(^{40}\), which vide Section 18 deal with the issue of unfair competition but not comparative advertising, the scope for disparagement have narrowed down a lot.

For example, in the Dabur India Ltd v. Emami Ltd\(^{41}\), even generic disparagement had been held to be illegal, where Emami in their advertisement showed that in summer chyawanprash (health tonic with high therapeutic value) intake should be stopped by the consumers. Instead, it propagated through the commercial with the aid of a leading actor of Bollywood (Indian Film Industry), Sunny Deol, that consumers should intake Emami Amritprash. Despite the fact that chayanwanprash was a generic name and Dabur was just one of the companies in the Indian, market among others selling the same tonic, his advertisement was held to be a case of disparagement. It is important to note in this case that the court did take into consideration that Dabur chyawanprash had captures 63% of the total market in relation to this health tonic product. Thus, injunction order was issued as per the Civil Procedure Code to stop the telecasting of the said Emami advertisement.

\(^{39}\) 1998 AIR SC 526
\(^{40}\) 2002
\(^{41}\) 2004 (29) PTC1 (Del)
Recently, in the Colgate Palmolive v. Anchor case, the Judge put into limelight the issue of public interest. It departed from the well-settled norm set by the Calcutta High Court in the case of Reckitt and Colman of India Ltd V. M.P.Ramachandran & Anr, where five guiding principles were set as was also used in the Kiwi T.T.K case, discussed earlier in details.

The Judge felt that, it is wrongful to mislead the general consumer public with false claims in an advertisement even if it is not disparaging or tarnishing the image of the other product of the third party. This judgment emphasized on consumer education whereby, the public at large should get benefitted by such advertising. It was construed that the Trademark Act and the Consumer Protection Act provided for the safeguarding of the interest of the consumers and also dealt with the issues unfair trade practice as well which does not encourage this kind of puffing and such disparagement shall be held actionable by law. This is a very recent shift with respect to the scope of liability in the Indian jurisdiction whereby in this recent case, comparative advertising was allowed only to the extent of enlightening the consumers about the merits and demerits of the particular product which should clearly not be motivated by malafide intention nor should such advertisements take the aid of superfluous or falsifying statements. Thus the truthfulness of the advertisements should help the consumers make the right choice between the products. This recent phenomenon is definitely anti-puffing but the applicability of such thought in the long run is difficult to ascertain in the Indian scenario.

Comparison between the UK and Indian Courts Approach through a study of Similarities and Dissimilarities

There are various parameters under which the approach of the courts in the UK/CJEU and Indian courts keeps into frame while deciding whether a particular case falls within the ambit of the illegality of comparative advertising or not. It could be easily said that the courts in UK were more in favour of comparative advertising as opposed to the CJEU and maintain a more robust standard in this respect. Whereas the courts in India, especially now have shown a more strict attitude towards the idea of puffing. To evidence this new found approach in the Indian system; one could take the examples of cases cited in this paper as classic examples. The UK court’s comparative advertisement friendly approach can be evidenced by the O2 case and other case as well, which are as follows:

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42 O.A.Nos 493 and 494 of 2008 in C.S.No 451 of 2008
43 1999 PTC (19) 741
44 1999
45 1986
• In British Airways Plc V. Ryanair Limited\textsuperscript{47}, the comparison of airplane fares with respect to the plaintiff’s trademark logo was held honest without any element of misleading the public.

• In Vodafone Group Plc V. Orange Personal Communications Services Limited\textsuperscript{48} the tariff plan of the plaintiff was compared and was held not be a misleading one.

• In Barclays Bank Plc V. RBS Advanta\textsuperscript{49} the plaintiff’s card was compared by the defendant in 15 ways and was held to be in honest sense and benefitting to the public.

• In Cable and Wireless Plc V. British Telecommunications\textsuperscript{50} the price plan of the plaintiff’s telephone services was compared by the defendant was held to be in honest practice and subsequently like the other cases, injunction was refused by the court.

The interesting aspect of the law in UK is that, once the case is not decided in the courts within the country or in the case of any confusion regarding certain aspects of the case, it is referred to the CJEU as the higher authoritative forum. This is a result of the efforts within the European Union to harmonize the aspects of laws. As a result of that, despite the fact that the UK was having its own Trademark Act’1994, the Directive 2006/114/EC and the First Council Directive 89/104/EEC dealing with the European Union laws continues to play a major role. Flowing from that is the conflict between the defences set under the Directive 2006/114/EC and the Council Directive 89/104/EEC. But, there is no such conflict of laws in the Indian jurisdiction as it is only governed by its own national laws and statutes thereto. But India has joined the Paris Convention on December 7, 1998 and is a party to it just like the UK and Article 10bis dealing with Unfair Competition plays a major guiding principle in cases of formulation of the statute and also cases relating to disparaging advertisements in both the jurisdictions.

In the two most recent landmark cases of O2 and Loreal, discussed in details earlier, the CJEU decided the cases on the basis of ‘likelihood of confusion’ and unfair advantage’ respectively. In Indian cases, more emphasis is given on the confusion created in the mind of the public rather than on the concept of unfair advantage comparatively. Indian courts are stricter towards slandering of the one product by the other. Thus, the defamation caused to a product is dealt with severely in the Indian system and courts main aim is to find out whether such advertisement has defamed a particular product or not. If it is not defamed, then the Indian courts do not find it actionable. But recently, there is a shift in paradigm in the approach of the Indian courts as it has now started to look at the concept of comparative advertising from a consumer education point of view and wants the use of such advertising should be

\textsuperscript{47} 2001 FSR 32
\textsuperscript{48} 1997 FSR 34
\textsuperscript{49} 1996 RPC 307, Chancery Division
\textsuperscript{50} 1998 FSR 383
done for public benefit only in order to enable them make the right choice and the said advertisements should be devoid of false representations.

In the O2 case, to prevent the use of a trademark by a trademark owner under the Council Directive 89/104/EEC, the court formulated a four step test of trademark use, which are as follows:

(1) The use should be in the course of trade;
(2) Without its consent;
(3) In respect of identical or similar goods or services; and
(4) Leading to a likelihood of confusion among the public.

While the Indian courts set out a three step test, namely that the trademark owner has to show that the use:

(1) Takes unfair advantage and is contrary to the honest practices of industrial and commercial matters\(^{51}\),
(2) Causes detriment to the distinctive character of the mark\(^{52}\),
(3) The advertisement is against the trademark’s reputation\(^{53}\).

But, whilst deciding the cases, unfair advantage although it forms an integral part of the statute, the courts do not emphasize on the issue explicitly all that much in India which is a stark contrast to cases decided by the CJEU like the Intel case and the Loreal Case.

One might say that the outlook or the mindset of the Indian courts is to actually find out the area of slander or defamation to the goodwill of the product rather than the other aspects. As a matter of fact, the guiding principles set by the Indian courts before can definitely be seen in a way whereby, such principles had been formulated in an effort to bring into being the lenient way of adopting comparative advertising by overcoming the stringent approach of the highly technical and sometimes complex trade mark protection rules prevailing in India.\(^{54}\) Whereas, the CJEU has a broader perspective in mind namely ‘unfair advantage’ and ‘likelihood of confusion’. The later though plays an important role in the Indian scenario as well while the former too plays an integral part but on a more implicit level. Taking queue from the UK Trademarks Act’1994, Directive 2006/114/EC (relating to Comparative Advertising), First Council Directive 89/104/EEC (relating to Trade Marks), Monopolist

\(^{51}\) Section 30 (1) (a)
\(^{52}\) Section 30 (1) (b)
\(^{53}\) Section 30 (1) (b)
and Restrictive Trade Practices Act’1989, Indian Trademark Act’1999, Consumer Protection Act’1986 etc, the following norms can be established based on which one can actually reflect upon the functioning of the courts in their subsequent jurisdictions. These parameters are as follows:

- Misleading advertisement;
- Comparison of goods intended for the same purpose;
- Objective comparison of goods and services;
- Denigration of plaintiff’s mark and harming a product’s goodwill by defamation;
- Unfair advantage;
- Replicas of goods or services protected under a trade name;
- Creation of confusion among traders;
- Consumer education and benefit;
- Malafide intention causing detriment to the distinctive character of the mark;
- Indispensability.

Thus while deciding on cases of comparative advertising, the courts in the UK and India or for that matter CJEU take into consideration one parameter or the other or a number of parameters together. We will now discuss each of the issues in brief.

**Misleading advertisement**
Both in India and the UK, misleading advertisement has been dealt with aptly. As we have already discussed in the various cases, dealt with earlier there is no doubt about the fact that misleading advertisement does definitely tantamount to disparagement without an iota of doubt. In India specifically, such advertisements are dealt with under the Consumer Protection Act 55 to the extent that such an advertisement does not go on to mislead the layman or the general consumers who does not possess the minute knowledge about the products. In the UK the idea of misleading is very much similar as well. The laws formulated earlier have been amended to include misleading advertisements here. In India, this kind of advertisement fall within the scope of unfair trade practices which has been later incorporated in the statutes just like it had happened in the UK.

**Comparison of goods intended for the same purpose**
Here again, both the United Kingdom and the Indian jurisdiction, lay emphasis on the fact whether, the goods can be identified as intended for the same purpose. From the various case laws and regulations we have studied earlier in this paper it is more than clear that special emphasis especially in the UK is laid upon the fact that comparative advertisement can be permitted if the goods and services compared, meets the identical kind of needs or it has been proposed for the same purposes. In other words, comparative advertising in the UK will not be permitted if the above

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55 1986
mentioned criterion among many is not fulfilled as envisaged under Art. 4(b) of the Directive 2006/114/EC. The Indian law in this regard is not all that explicit as the way it is in the European Union which can be developed on a slightly more detailed note.

While discussing this issue, another issue that comes into mind is identification of the goods and services of the advertisement with respect to which such a product is compared to. While forming an opinion as to whether a product has been compared or not in respect of price, quantity, standard or anything else, it is felt by the authors that the court may pay heed to the fact that whether or not, the linkage or identification of the similar goods or products has been established. When that happens, it can be said that the product has been compared with others. Thus in this case, both English and Indian courts in their various judgments in the recent past have taken this matter into consideration while rendering a judgment, this definitely a big positive in the approaches of the courts in both the jurisdictions.

Objective comparison of goods and services
This is an important point to deal with. This process of objective comparison too has been endorsed by the laws of both the jurisdictions and is especially notable in the European Union. When we talk of objective comparison, we actually talk of factual comparison. So as long as the comparisons deal with only facts and does not take the aid of any wrongful or misleading statements, one must say that such comparisons are indeed a boon to the society and people or consumers constituting such society as they definitely benefit from it. Since we will deal with the consumer education part later, here we will stick to the requirement of factual comparison only. This process has been upheld and put into practical application both by statutory codes and judges in both the jurisdictions. In India cases relating to the comparison of price lists have been very less; rather comparisons on the basis of superfluous remarks and statements have been more. But in cases in the European Union like the O2 case, L’Oreal case, British Airlines case for example deals specifically with the element of pricing differences between the two products or services. When such kinds of comparisons are objective yet true ones, then the comparative advertisers can be given a leeway for the good and benefit of the consumers. But it has been seen that mala fide, wrongful and superfluous statement of claims in the name of comparative advertising has been severely dealt with especially in the last couple of years in the Indian jurisdiction and also to an extent in the English courts as well.

Denigration of plaintiff’s mark and harming a product’s goodwill by defamation
Here again the fact that the Indian laws and the decisions in the past are highly influenced by the laws and judgments in the English courts, can be seen here once more. Comparative advertisement is permitted only to the extent that such

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comparison does not in any way defame, slander or denigrate the product of the other party. This is a well settled law in India especially from what we have seen earlier in this paper with respect to landmark Indian case judgments. The aspect of demeaning the product of a competitor in the eyes of the consumers to gain more popularity in sales is held to be illegal in both the jurisdictions. Slandering someone’s product via the medium of advertising renders the advertisement void in the eyes of law. So the approach of the courts has always been to prevent causing of such defamation or denigration of other’s product on the broad spectrum of advertisements.

Goodwill in its very essence means good reputation. In accounting terms is known as an ‘intangible asset’ of a company or for that matter, brand for the purposes of this paper, so when the repute of a brand is harmed by a comparative advertiser in the eyes of the public, such an advertisement shall be considered opposed to the rightful realm of law. The English or rather the European law is very specific in this regard. But it definitely goes without saying that both the jurisdictions in the past while deciding whether a particular advertisement has shown a brand in a bad light to the consumers, some way or the other or somewhere down the line assuming even if it is not intended also, have taken a deep look into the goodwill of the product and whether its repute has suffered or not. Thus it is the same case as that of the denigration of the product of the brand proprietor. This is therefore yet again a common approach prevalent in the both jurisdictions.

Unfair advantage

Unfair advantage is an issue which as studied before, has been severely dealt with by the CJEU in the L’Oreal case which definitely as a matter of fact brought a sigh of relief to the brand owners. Despite the fact that the issue has been dealt with in a robust and rational manner by the CJEU, even in India the statutory law vis-à-vis Trade Mark Act’1999 deals with the issue of unfair advantage as a deterrent to the scope of rightful comparative advertising under section 30(1) (b) and section 29(8) (a) on a corollary note.

Thus, even in the Indian cases, it was seen how one brand derived unfair advantage at the expense of some maligning statement rendered to the other brand with the aid of comparisons. Thus, in an economy there should not be left any scope by law in allowing such unfair advantage to be taken by one product at the expense of the other. In India , one feels that while deciding such cases of comparative advertisements, the issue of unfair advantage shall be dealt in a much more pronounced manner than usual like the one in the L’oreal case. There is no doubt about the fact that this issue has always been touched upon by the Indian courts whether implicitly or explicitly. Yet one feels that the need and the importance of addressing such issue on a more express note is required in India and take a leaf out if the book of the landmark CJEU judgment.
Replicas of goods or services protected under a trade name
In the L’Oreal case we have found out that how Bellure NV used the replica of the L’oreal perfumes in order to give its product a boost in the market by the “wink of an eye” similarity trait. This issue has been codified which is present in the Comparative Advertising Directive. Almost similar provision id laid down in the Indian laws as well within the scope of the MRTP Act\(^57\) and the Trade Marks Act\(^58\) as well. We have seen for example the Reckitt and Coleman India Ltd V. Kiwi T.T.K case\(^59\) in this paper where the design of the bottle used by Kiwi T.T.K in the advertisement was the one which the other party claimed was registered under the law. Such issues need more clarification to draw a clear line of demarcation between the aspects of replication of designs whether registered or not and the ambit of comparative advertisement.

Creation of confusion among traders
This is the issue which as well had been simultaneously and properly approached by the judiciaries of the both jurisdictions. Needless to say that the creation of confusion in the minds of the public when it comes to the usage of consumer goods and services, plays an integral part as to whether such advertisement can be called comparative or not on a wrongful note. The courts have always delved into this issue with a lot of importance and rightfully so feel the authors. If a particular advertisement creates confusion in the minds of the people or consumers per se, then such an advertisement does affect a shift in the consumer taste and preference. In India as well as the UK, the judges while deciding cases on comparative advertisement have dealt with this aspect with greater significance and emphasis as it plays an important role. Thus the approaches of the courts in the two jurisdictions have been very similar in this context for the good of consumers, traders and the laws relating to it thereto.

Consumer Education and Benefit
This context has been given special stress in the Indian courts in the recent judgment of the Madras High Court in the case of Colgate Palmolive v. Anchor\(^60\) as already discussed before on a numerous occasions in this paper. Consumer education has been put into fore front by the judges to the extent of eradicating the phenomenon of comparative advertising or rather to be fair, narrowing the scope of such advertisement in the Indian scenario to almost a miniscule level. As the Consumer Protection Act\(^61\) provides for the protection of the consumers, it has encouraged the

\(^{57}\) 1969  
\(^{58}\) 1999  
\(^{59}\) 1996 PTC 193 T 399  
\(^{60}\) (2008) 7 MLJ 1119 (Mad)  
\(^{61}\) 1986
courts in India to take such a strict measure on the account of benefitting the consumers from such comparative advertisements.

This is an area, which one feels that the English courts are lagging behind. Courts in the UK have been more lenient to comparative advertisers and showed tremendous amount of faith and confidence on the rationale of the consumers, the UK, being a developed nation, such confidence could be worth showing as well. But again, just like two sides of the same coin, the authors feel that it’s toss between consumer benefit and the prevalence of the phenomenon of comparative advertisement. If certain amount of freedom is not given to the advertisers then the fun of ad wars will diminish totally. On the other hand, consumer education makes the advertisement more truthful, honest objective and factual. This is a scenario which has been dealt differently more recently in a way by the two jurisdictions in their own mode and style.

**Malafide Intention Causing Detriment to the Distinctive Character Of The Mark**

Since all the points discussed above are in a way corollary to each other, malafide intent on the part of the comparative advertiser is an issue that is codified in the statute of both the jurisdictions. This issue of malafide intent runs parallel with that of misleading advertisement in a way. Where the intention of the comparative advertiser is solely to make a false statement causing detriment to the distinctive character of the mark, it does tend to go on to the wrong side of the law without an iota of doubt. Such acts have been given protection under the statutory laws of both the countries.

**Indispensability**

Finally, the issue of indispensability raised by the English Courts with respect to the O2 case which the authors felt as an interesting issue to deal, with respect to such comparative advertisement. One should consider the fact that whether comparison of a competitor’s goods requires the usage of the mark of the brand owner absolutely for that purpose or the same advertisement could have been done without the usage of such a mark. The proposition that rises here is whether such an advertisement without the use of plaintiff’s mark would have been all that effective or not. This is an issue which has never been dealt with by the Indian courts while deciding such cases of comparative advertisement. This context is something which the authors feels that even the Indian Courts can look into while deciding cases and enquire into the necessity, gravity and indispensability of the usage of such marks of the product or mark owner to promote one’s own brand.
This was in brief a comparative study of the approaches adopted by the judiciaries in the jurisdictions of UK and India and the laws relating to such approaches thereto on this core issue of comparative advertising.

**Conclusion**

One may do feel that this innovative phenomenon of comparative advertising is here to stay and rule the dictum of the advertising world in the near future but with limitations of course. The brand image can also be termed as an attractive force through which more often than not consumers get persuaded. The one common feature which we can staunchly come across after giving a look into the study of the two jurisdictions of both the UK and India is that brand owners can take a sigh of relief as the laws have been in the recent past much stricter than before giving very little leeway for the comparative advertisers.

The authors do feel that the recent Madras High Court decision in India in Colgate Palmolive v. Anchor case as discussed before was a bit too strict in its approach in the name of consumer interest. Though this decision is a debatable one, but one does feel that, nowadays consumer is much more educated and rational when it comes to choosing brands. Thus, they will be rational enough to make the decision as to what is good and what is bad and what is to be used and what not to be used. Having said that though, in a progressively developing country like India, where lot of the masses are still living below the poverty line and hit by the scourge of illiteracy most importantly, as it is more pertinent in this paper, one also feels that the Judge was more than being rational, also was much more humane. But there was the point of law as well in it, from the strict legal sense as the Consumer Protection Act does render such protection to the consumer masses.

It goes without saying that if all brands, in order to prove their superiority goes on to make tall statements with respect to their own products, then the general public or the consumer masses being layman might as well find it difficult to make a choice and thereby get mislead. So, this concept of educative comparative advertisement is welcome but with some of a leeway for the comparative advertisers.

But the authors could not agree more on the issue of the Loreal case decision by the CJEU which is one of its kinds in its very essence. Indeed one feels that ‘unfair advantage’ is the basic or the core issue whenever it comes to comparative advertising. At the end of the day, the courts should see whether one brand is prevented from unfairly deriving advantage at the expense of the other brand. Thus, issue of free riding on the shoulder of the other brand was aptly addressed by the

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63 O.A.Nos 493 and 494 of 2008 in C.S.No 451 of 2008
64 1986
CJEU. So, when the European jurisdiction while dealing with the issue of comparative advertising bases its approach more on the issue of unfair advantage, the Indian system is keener on dealing with it on the basis of disparagement which is also one of the crucial bases in the European jurisdiction as well.

But, there is a stark conflict when it comes to the European Union jurisdiction with respect to the national laws, First Council Directive 89/104/EEC and Directive 2006/114/EC. The Council Directive 89/104/EEC and the Directive 2006/114/EC do tend to conflict with each other and henceforth, the scope for both the Directives till now needs more clarification as to what can be prevented under the name, style and law of trade mark infringement. This scenario has set in a due to the effect of the harmonization measures throughout the whole of Europe.

All set and done, Comparative Advertising Council in the European Union and the Advertising Standard Council of India is indeed a positive change when it comes to better handling of such intricate and tricky comparative advertising or product puffing related issues in the near future. Thus only the future cases and judgments on this issue will pave the way forward; and to know what is in store for us consumers, traders and the society as a whole can only be left to the jurisprudence of the courts which they will adopt while rendering decisions on this aspect of marketing, which is known as for bad or good, as the authors say, the phenomenon of Comparative Advertising.