Comparative Advertisement in India – a critique on the regulatory environment

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Abstract
Advertisements are a means using taglines, trademarks, signs or symbols to communicate information on products and services to customers to facilitate and positively influence their buying decisions. It is also means through which direct competitors create a visibility for their products or services by comparing them with their counter parts in the markets. Comparative Advertisement takes place either directly or indirectly, in the former by directly using the trademark of the competitor and in later by making a slanderous reference to competitors product by insinuation or implication. As Lord Diplock opined in Erven Warnink, B.V. Vs. Townend & Sons (Hull) Ltd, it would have been better if economic battles are confined only to the market place. In India Comparative Advertisement is relatively a new concept and the lawful remedies are not that strong as that is other countries. In the absence of the stringent laws and the practice of Comparative Advertisement has seen many derogatory consequences a few are mentioned here. This study compiles the present situation of Comparative Advertisement in Indian markets and the existing legal remedies by citing some factual cases from the industry and important judicial pronouncements. It is a qualitative research based on primary and secondary source of information. Secondary sources comprise of statutory provisions of relevant Act, articles/news items available in academic/trade journals and information generated from Government of India websites. Primary research involved face to face interactions with practising advocates from Delhi High Court and Supreme Court of India in the area of Trademarks. Information was collected on parameters related to efficacy, applicability, enforceability, monitoring, and legal issues of Trademarks and disparagements.

Introduction
Comparative Advertising can be defined as advertising that compares one product or service with another or that states that one product works with or is compatible with another. This comparison is made with a view towards increasing the sales of the advertiser, either by suggesting that the advertiser’s product is of the same or a better quality to that of the compared product. The aim of such advertisement is to allow honest comparison of one’s products with those of competitors and making it known to consumers. It not only promotes market transparency, but also helps in keeping prices down and improving products by stimulating competition.

- Comparative advertising is defined in EU Directive 97/55/EC as “any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor.” No Indian statute defines the term “Comparative Advertising” though the
Delhi High Court has given the following characteristics of Comparative Advertisement in Reckitt & Colman v. Kiwi TTK. A tradesman is entitled to declare his goods to be the best in the world, even though the declaration is untrue.

- He can also say that his goods are better than his competitor’s, even though such statement is untrue.
- For the purpose of saying that his goods are the best in the world or his goods are better than his competitor’s he can even compare the advantages of his goods over the goods of others.
- He, however, cannot while saying his goods is 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.
- If there is no defamation to the goods or to the manufacturer of such goods then 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.

Comparative Advertising is permitted if it complies with the following conditions:

- It should not be misleading;
- It should compare goods or services meeting the same needs or intended for the same purpose;
- It should objectively compares one or more material, relevant, verifiable and representative features of those goods or services, which may include price;
- It should not create confusion in the market place between the advertiser and a competitor;
- It should not discredit or denigrate the trademarks, trade names or other distinguishing signs of a competitor;
- For products with designation of origin, it should relate to products with the same designation;
- It should not take unfair advantage of the trade mark or other distinguishing sign of a competitor;
- It should not present goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name.

Comparative claims are variable in nature:

- They may explicitly name a competitor or implicitly refer to him.
- They may emphasize the similarities (positive comparisons) or the differences (negative comparisons) between the products.
- They may state that the advertised product is “better than” (superiority claims) or “as good as” the competitor’s (equivalence or parity claims).

Statutory provisions governing Comparative Advertising

According to The Monopolies and Restrictive Trade Practices, 1984 (herein after “MRTP Act”) and the Trade Marks Act, 1999, Comparative Advertising is permissible, with certain limitations with respect to unfair trade practices. The Trade Marks Act, 1999 provides that a registered trademark is infringed by any advertising of that trade mark if such advertising takes unfair advantage and is contrary to honest practices.
in industrial or commercial matters, is detrimental to its distinctive character, or is against the reputation of the trade mark.\textsuperscript{v} Section 30(1) of the Trade marks Act, 1999 provides an exception to the above rule stating that such advertisement would not amount to infringement if the use of such mark falls within purview of ‘honest practices’. This implies that honest practices are mandatory for comparative advertising without which it would amount to trademark infringement.

The Trademarks Act also provides protection to “well known”\textsuperscript{vi} unregistered marks. This gives the proprietor a statutory alternative to the common law action of passing off. Passing off generally results from confusion or deception caused by “unfair trade practices” pursued/followed by competitors. Comparative Advertising is also limited to “unfair trade practices” defined as a trade practice which, for the purpose of promoting the sale, use or supply of any goods or for the provisions of any services, adopts any unfair method or unfair or deceptive practice including any of the following practices, namely :- the practice of making any statement, whether orally or in writing or by visible representation which, gives false or misleading facts disparaging the goods, services or trade of another person\textsuperscript{vii}. Disparagement of goods of another person leads to unfair trade practices.

Indian courts with the help of various cases have clarified the meaning of the above stated term and also have defined limits within which Comparative Advertisement is permissible.

In M. Balasundram v Jyothi Laboratories\textsuperscript{viii}, A television advertisement promoting Ujala liquid blue showed that 2-3 drops were adequate to bring striking whiteness of clothes while several spoons of other brands were required though no label of any other brand was shown. A lady holding a bottle of Ujala was looking down on another bottle and exclaiming “chhi, chhi, chhi!” in disgust. The manufacturers of Regaul, a competing brand, approached the MRTP Commission that the advertisement was disparaging its goods. The Commission was of the view that “a mere claim to superiority in the quality of one’s product” by itself is not sufficient to attract section 36(1)(x) of MRTP Act. In the advertisement, the bottle did not carry any label. Further, the bottle did not have similarity with bottle of any brand. The Commission, thus, was of the opinion that it could not be a case of disparagement of goods.

McDowell and Royal Stag - In the advertisement by Mc Dowells there was a direct inference to Royal stag alias Mahender Singh Dhoni and Harbhajan Singh\textsuperscript{ix}. For the uninitiated, the issue turned into a fireball when a commercial of the Mc dowell’s soda featuring the Indian skipper Dhoni went on-air. The ad was a spoof done on the rival brand- Pernod Ricard (that owns Royal stag) in return of the ball bearing factory episode released earlier by the popular whiskey brand.

Whilst the original ad showcased Harbhajan struggling in his father’s industrial unit with a caption- ‘Have I made it large?’, the spoof of it tickled the funny bone, with Harbhajan’s look alike being slapped by his father for making large balls and Dhoni ending with a witty take stating that if you want to make big in life, then forget large and be different! Evidently the commercial took a demeaning turn with all the buzz post its break-out.

All of it includes a legal notice being sent to UB group Chairman, Vijay Mallya along with a public apology and a compensation seeking Rs 1,00,000 as the cost of the notice. And the
ranting is that it not only presents the father-son relationship of Harbhajan Singh and his dad in a scornful way but also accuses the sentiments of Sikh community, often made stooges of mockery. After various twists and turns, Mallya gave consent to withdraw the commercial in the name of cricket.

The Issues of CA in the Mcdowells advertisement

a. Whether it’s an act of comparative advertisement where disparagement of the brand has happened?

b. Whether it’s copyright violation of the tagline?

c. Whether it’s copyright violation of cinematographic film?

Mahi’s commercial for McDowell’s has a Bhajji look-alike mimicking, "Have I made it large?" and Dhoni ridiculing him by saying, "If you want to do something in your life, forget large, do something different, pal." In the present case, the commercial does not rubbish Royal Stag directly. However, the adoption of the phrase “forget large” clearly refers to Royal Stag whisky. The sophistication adopted in the term “forget large” does leave the question as to whether the commercial denigrates Royal Stag open-ended. I am of the opinion that if the court construes “wrong choice” as derogatory then “forget large” should also be pegged into the same species. We can conclude that the Royal Stag slogan is not capable of copyright protection with respect to taglines.

In the Whisky Wars, the entire theme of the commercial and the sequence of events point out towards the Mahi commercial being a copy of Royal Stag’s commercial. Both the commercials show a similar factory, workers moving objects in vicinity and Harbhajan and his look-alike wearing hoods. In fact, both the commercials have a similar storyline and begin with the same line- Papa (ji) ki ball bearing factory main pehla din aur samne khada tha ye sawal ‘have I made it large?’ (First day at father’s ball-bearing factory, and puzzling me was the question, ‘have I made it large?’) Even the music employed is merely a slight modification. This bears witness to the copyright violation of the Roller Coaster cinematographic film.

The New International Webster’s Comprehensive Dictionary defines disparage/disparagement to mean, "to speak of slightingly, undervalue, to bring discredit or dishonour upon, the act of depreciating, derogation, a condition of low estimation or valuation, a reproach, disgrace, an unjust classing or comparison with that which is of less worth, and degradation." The Division bench of Delhi High Court in Pepsi Co. v. Hindustan Coca Cola* said that for disparagement three-pronged test of (1) intent (ii) manner and (iii) storyline and the message sought to be conveyed needs to be fulfilled. If the manner is ridiculing or the condemning product of the competitor it amounts to disparaging.

The Delhi High Court basing itself on the de minimis rule held that advertising slogans are prima facie not protectable under the Copyright Act as they are not substantial literary works. They may however be protected under the law of passing off. Thus, Section 14 of the Copyright Act defines "copyright" as the exclusive right... to do or authorise the doing of any of the following acts in respect of a work or any substantial part thereof, namely:

(d) In case of a cinematograph film,-

(i) To make a copy of the film including a photograph of any image forming part thereof;

(ii) to sell or give on hire or offer for sale or hire, any copy of the film, regardless of whether such copy has been sold or given on hire on earlier occasions;
In another instance of Rin Vs Tide, Rin ad, the claim is limited to a whiter wash- ‘Tide se kahin behatar safedi de Rin’ (Rin gives better whiteness than Tide), without getting into specific, feature-to-feature comparison. Almost all detergent ads promise a whiter wash - except that they used to refer to ‘ordinary detergents’ leaving the consumer to figure that they are talking about her brand. The only difference here is that a competitor has been named, and shown brazenly.

This particular advertisement campaign has provoked debate on comparative advertising. The moot issue is whether HUL’s explicit TV commercial of Rin being superior to P&G’s Tide amounts to disparagement or is a permitted form of free speech protected under "commercial speech" as part of freedom of speech under Article 19(1)(a) of the Constitution of India.

Among different legal tools that govern comparative advertising, the Monopolies of Restrictive Trade Practices, 1984, (MRTF Act) and Trade Marks Act, 1999, (TMA) provide the basic structure for such advertising. The Trade Marks Act, 1999, has incorporated provisions relating to comparative advertising under Sections 29(8) and 30(1).

Comparative advertising is permissible subject to certain limitations as to unfair trade practices. The latter is defined under Section 36A of the Monopolies and Restrictive Trade Practices, 1969. Though the Act now stands repealed, Section 29 (8) of the Trade Marks Act, 1999 provides certain limitations to comparative advertising, according to which advertising infringes on a trade mark when it:

takes unfair advantage 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 trade mark.

Section 30 (1) of the Act read as: "Nothing in Section 29 shall be preventing the use of registered trademarks by any person with the purposes of identifying goods or services as those of the proprietor, provided the use:
is in accordance with the honest practices in industrial or commercial matters, and
is not such as to take unfair advantage of or to be detrimental to the distinctive character or repute of the trade mark."

Section 36A of the MRTP Act lists several actions to be an 'unfair trade practice'. For instance, Section 36A (1)(x) reads: "36A... 'unfair trade practice' means a trade practice which, for the purpose of promoting the sale, use or supply of any goods or for the provisions of any services, adopts any unfair method or unfair or deceptive practice including any of the following practices, namely:- (1) the practice of making any statement, whether orally or in writing or by visible representation, which … (x) gives false or misleading facts disparaging the goods, services or trade of another person."

There are two possibly debatable issues in this ad namely:
The advertisement clearly shows a packet of Tide Naturals, which has green packaging and is a cheaper extension of Tide, which orange packaging) whereas the woman in the commercial says 'Tide se kahin behatar safedi de Rin' (Rin gives better whiteness than Tide) Does this amount to misleading the public as per the Indian Law?

At the end of the advertisement, a line is displayed on the bottom stating that "this claim is based on laboratory tests done through globally accepted protocols in independent third-party laboratories' and Schematic representation of superior whiteness is based on Whiteness Index test of Rin Vs Tide Naturals as tested by Independent lab".

The challenge is whether the present statement(s) can be substantiated by way of evidence and if yes, whether such tests if conducted by any independent laboratory continue to be the same.

Assuming if the results, for the test conducted again, gives the same result: It is clear what aspects of the advertiser's product are being compared with what aspects of the competitor’s product. The subject matter of comparison is not chosen in such a way as to confer an artificial advantage upon the advertiser or so as to suggest that a bigger bargain is offered than is truly the case. The comparisons are factual, accurate and capable of substantiation as at the end of the advertisement its claimed that the tests are done by an unbiased test laboratory and moreover the laboratory is claimed to be unbiased. There is no likelihood of the consumer being misled as a result of the comparison whether about the product advertised or that with which it is compared. The advertisement does not unfairly denigrate, attack, or discredit other products, advertisers or advertisements directly or by implication.

In a leading case of Horlicks vs Complan of showing disparaging advertisement through visual media and the print media of two Products “HORLICKS” and “COMPLAN. Horlicks states that in august 2004 it had instituted a civil suit in Calcutta high court seeking permanent injunction against Heinz alleging that it had issued a disparaging advertisement in respect of its products “Horlicks”, as against Heinz’s product Complan. It led to the publication of another advertisement, which in turn resulted in initiation of contempt proceedings. Horlicks apparently filed another suit before the Madras high court against the product Complan In response to that Heinz (Complan) instituted a civil suit in Bombay high court alleging disparagement against Horlicks. It impugned a moving advertisement, which comprised of 30 second footage with audio and video lines. It was alleged that the impugned moving advertisement made disparaging remarks against Complan in regard to nutrients in health value as compared with Horlicks product.

Heinz’s attempt to secure ad interim relief was unsuccessful, dissatisfied with the single judge order’s Heinz appealed to the Division Bench. The Calcutta high court considered the concept of negative advertisement.

Summing up the law the court said that: “It is now a settled law that mere puffing of goods is not actionable. Tradesman can say his goods are best or better. But by comparison the tradesman cannot slander nor defame the goods of the competitor nor can call it bad or inferior”

The courts (Calcutta and Delhi High-courts) has analyzed the case keeping in mind the different angles like
Whether it’s an act of comparative advertisement where disparagement of the brand has happened?
Whether it’s copyright violation of the tagline?
Whether it’s copyright violation of cinematographic film?

Here it was concluded that it was the act of deliberate disparagement where Heinz (Complan) was held liable against Horlicks. (1) The intent of the advertisement- this can be understood from its story line and the message sought to be conveyed. (2) The overall effect of the advertisement - does it promote the advertiser's product or does it disparage or denigrate a rival product? In this context it must be kept in mind that while promoting its product, the advertiser may, while comparing it with a rival or a competing product, make an unfavourable comparison but that might not necessarily affect the story line and message of the advertised product or have that as its overall effect. (3) The manner of advertising - is the comparison by and large truthful or does it falsely denigrate or disparage a rival product? While truthful disparagement is permissible, untruthful disparagement is not permissible. In the Final judgement by Delhi court the court held that in view of the above discussion, the temporary injunction application in the first Delhi Suit is allowed; Heinz is restrained from publishing or telecasting the two impugned. Advertisements, or any other advertisements containing similar content, which tends to cast a slur on Horlicks, by implying that it is cheap or inferior, or that it compromises on essential qualities. Similarly, the ad-interim injunction application in the second Delhi suit is allowed, partly; Heinz is restrained from publishing any reference to Horlicks being cheap, or inferior, or comprising of inferior ingredients, or compromising on children’s growth needs. Heinz's ad-interim temporary injunction application, for the reasons discussed above, is dismissed. In the circumstances, Heinz is directed to bear the costs of the three injunction applications, quantified at ` 75,000/- each, to be paid to Horlicks, within four weeks. Good

Further in Karamchand Appliances Pvt.Ltd Vs Shri Adhikari brothers™ The Delhi high court was concerned with mosquito repellents ALL OUT and GOOD NIGHT. The offending advertisement showed a lady removing the ALL OUT pluggy and replacing it with GOOD NIGHT with a background voice claiming that the latter’s turbo vapour chases the mosquitoes at double the speed.

Two propositions clearly emerge from the above pronouncements
That a manufacturer or a tradesman is entitled to boast that his goods are best in the world.
That while a claim that the goods of a manufacturer or the tradesman are the best may not provide a cause of action to any other trader or manufacturer of similar goods, the moment the rival manufacturer or trader disparages or defames the goods of another manufacturer or trader. The aggrieved trader would be entitled to seek reliefs including redress by way of a prohibitory injunction.

Disparagement of goods: "A statement about a competitor's goods which is untrue or misleading and is made to influence or tends to influence the public not to buy." Whether or not the goods of a trader or manufacturer are disparaged would depend upon the facts and circumstances of each case. There is no cut and dried formula, for general application. All that the Court need to be conscious of is that while disparagements may be direct, clear and brazen, they may also be subtle, clever or covert. What is the statement made by the rival trader and
how it belittles, discredits or detracts from the reputation of another's property, product or business is the ultimate object of the judicial scrutiny in such cases. Before I examine the rival submissions in the instant case, I may refer to a few of cases where the Courts found the statements to be disparaging, hence actionable.

In another advertisement by IBM—Comparing DB2 and Oracle database

IBM has launched worldwide campaign, which compares its products with similar product of Oracle. In May 26th 2001 issue of Forbes India magazine, IBM has given following advertisement. As the said advertisement appears in Magazine published in India, it comes under jurisdiction of Indian Law. As of now Oracle has not filed lawsuit against Oracle, hence it can be concluded that this advertisement is OK as per Indian Law (Or at least Oracle considers this to be the case.). This is an example - Two products can be compared without entering legal dispute.

Explanation:-
Text appearing on the advertisement is –
"Are you overpaying for Oracle Database? Hint. You're overpaying for Oracle Database."
The first thing to consider when thinking about IBM DB2 for your business: it is as low as 1/3 the cost of Oracle Database. Then consider that DB2 on IBM Power Systems offers 3x the performance per CPU core than Oracle Database on SPARC, in TPC-C and SAP SD benchmarks. Overall an ironclad case for IBM, There’s more where that can from, too.

In this advertisement wherein we can make following observations –
IBM has claimed DB2 (IBM product) to be superior (faster) as that of Oracle Database.
IBM has given names of the benchmarks (SPARC, in TPC-C and SAP SD benchmarks) in which IBM claims DB2 is superior.
IBM has claimed DB2 to be 1/3rd cheaper than Oracle Database.
No explanation/supporting fact is provided in advertisement to back this claim. However claim is backed by providing related evidence on IBM website.
IBM has refrained from calling Oracle Database to be slower or more expensive.

Reference 2:- Operational Cost Comparison
Here in this case there is comparison made by IBM for its database DB2 which IBM claimed to be superior than that of Oracle. The ad is done very carefully keeping in mind that it nowhere disparages the rival product. Thus it’s a case of comparative advertising which is completely legal if its viewed in the context of disparagement.

Moreover the information and the software support provide by IBM helped the subscribers to migrate from the oracle to the faster database DB2 of IBM.

**Conclusion and Recommendations**

From the study we can infer that the Comparative Advertising is an idea which can help the customer if its used in constructive manner but if it’s used with the malice intention then it
created rivalry in business and they end up in facing each other in court. Like here in the example of IBM DB2 versus ORACLE, Comparative Advertising helped the customer in migrating a much superior product DB2. However in other cases described above the Comparative Advertising gave birth to business rivalries wherein the ultimate remedy was in the hand of the court. And in some cases there happened amicable solutions between the plaintiff and the respondent. An advertisement could disparage other products and yet, it would not be a case of “disparagement” so long as the disparaged product is not identifiable 

Direct comparison i.e. comparing specific qualities of your product with that of competitor’s product would not invite any litigation as it is not disparagement. Special care must be taken in the use of a design trademark in a Comparative Advertisement and the companies should be made absolutely l

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1 1980 RPC 31
ii Deborah E. Bouchoux, Intellectual property: the law of trademarks, copyrights, patents and trade secrets, (west legal studies, 2000) (368)
iii http://ec.europa.eu/consumers/cons_int/safe_shop/mis_adv/index_en.htm
iv 1996 (37) DRJ 648
v As per sec 29(8) of Trademark Act, 1999
vi Section 2(1)(z) of Trademark Act, 1999 defines "well-known trade mark" in relation to any goods or service, means a mark which has becomes so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first mentioned goods or services.
vii Section 36A(1)(x) of MRTP Act
viii http://www.indiankanoon.org/doc/494478/
ix http://www.bestmediainfo.com/2011/07/mcdowells-vs-royal-stag-have-they-made-it-large-or-ludicrous/
x 2003 (27) PTC 305 Del
xii Article 19 in The Constitution Of India 1949

19. Protection of certain rights regarding freedom of speech etc

(1) All citizens shall have the right
(a) to freedom of speech and expression;
(b) to assemble peaceably and without arms;
(c) to form associations or unions;
(d) to move freely throughout the territory of India;
(e) to reside and settle in any part of the territory of India; and
(f) omitted
(g) to practise any profession, or to carry on any occupation, trade or business

(2) Nothing in sub clause (a) of clause (1) shall affect the operation of any existing law, or prevent the State from making any law, in so far as such law imposes reasonable restrictions on the exercise of the right conferred by the said sub clause in the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality or in relation to contempt of court, defamation or incitement to an offence
Nothing in sub clause (b) of the said clause shall affect the operation of any existing law in so far as it imposes, or prevent the State from making any law imposing, in the interests of the sovereignty and integrity of India or public order, reasonable restrictions on the exercise of the right conferred by the said sub clause.

Nothing in sub clause (c) of the said clause shall affect the operation of any existing law in so far as it imposes, or prevent the State from making any law imposing, in the interests of the sovereignty and integrity of India or public order or morality, reasonable restrictions on the exercise of the right conferred by the said sub clause.

Nothing in sub clauses (d) and (e) of the said clause shall affect the operation of any existing law in so far as it imposes, or prevent the State from making any law imposing, reasonable restrictions on the exercise of any of the rights conferred by the said sub clauses either in the interests of the general public or for the protection of the interests of any Scheduled Tribe.

Nothing in sub clause (g) of the said clause shall affect the operation of any existing law in so far as it imposes, or prevent the State from making any law imposing, in the interests of the general public, reasonable restrictions on the exercise of the right conferred by the said sub clause, and, in particular, nothing in the said sub clause shall affect the operation of any existing law in so far as it relates to, or prevent the State from making any law relating to,

(i) the professional or technical qualifications necessary for practising any profession or carrying on any occupation, trade or business, or

(ii) the carrying on by the State, or by a corporation owned or controlled by the State, of any trade, business, industry or service, whether to the exclusion, complete or partial, of citizens or otherwise.

The Monopolies and Restrictive Trade Practices Act, 1969, (MRTP) was enacted to prevent monopolies and restrictive trade practices in the economy and later on in 1984, the MRTP Act was amended to add a chapter on Unfair Trade Practices. Following the recommendations of the Competition Commission, the government has repealed the MRTP Act. Instead, a Competition Act has been enacted to regulate the monopolies and anti-competitive or restrictive trade practices. This provisions of 36 A has been verbatim shifted to the Consumer Protection Act, 1986.

I.A. No.15233/2008 (O-39, R-1&2 CPC) in CS (OS) 2577/2008 – HIGH COURT OF DELHI

2005 (31) PTC 1 Del