COMPARATIVE ADVERTISING AND GENERIC DISPARAGEMENT: A PROBE INTO ITS STATUS IN THE INDIAN LEGAL SYSTEM IN THE LIGHT OF RECENT CASES

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INTRODUCTION

Advertising means, the making of a representation in any form in connection with a trade, business, craft or profession in order to promote the supply of goods and service. Whereas, Comparative advertising is, any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor.

In the case of Murugeshan v. Ramu Hosieres1, it has been held that advertisement is a step in the process of infringement to solicit customer in the name of the impugned trade mark and the advertisement is calculated to induce people to believe that such property is meant for marketing. Cause of action in such a case can be taken to arise in the place where the goods are marketed or where the mark is exploited2.

The Trade Marks Act, 1999 makes specific provision about infringement of a mark in the context of any advertising of that trade mark if such advertising –

a) Takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or

b) Is detrimental to the distinctive character; or

c) Is against the reputation of the trade mark.3

Thus, the above three types of advertising as stated is prohibited under §29(8) of The Trade Marks Act, 1999. Any advertisement of a registered trade mark not in consonance with honest business practices or if it is detrimental to the distinctive character or the reputation of the trade mark, would come within the scope of this particular provision. It apparently combines the law of unfair competition as referred to in the WIPO treaty of 1967 and the elements hitherto covered in unfair trade practices of §36A of MTRP Act, 1969 (repealed).

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1 1999 PTC 183 (Mad-DB).
3 The Trade Mark Act, 1999, § 29(8).
and the Consumer Protection Act, 1986. The use of others’ trade mark in comparative advertising would also be protected by §30(1)\(^4\).

The expression “honest practices” is not defined in the Act or the Rules. The European Court of Justice in *Holterhoff v. Freiesleben*\(^5\), expressed the view that,

> “By its very nature, such a concept must allow for a certain flexibility. Its detailed contours may vary from time to time and according to circumstances and will be determined in part by various rules of law which may themselves change, as well as by changing perceptions of what is acceptable. However, there is a large and clear shared core concept of what constitutes honest conduct in trade, which may be applied by the courts without great difficulty and without any excessive danger of greatly diverging interpretations…”

The court further described the concept as;

> “Expressing a duty act fairly in relation to the legitimate interests of the trade mark owner, and aim as seeking to “reconcile the fundamental interests of a trade mark protection with those of free movement of goods and freedom to provide services in the common market” in such a way that the trade mark rights are able to fulfil their essential role in the system of undistorted competition which the Treaty seeks to establish and maintain.”

The European Court further referred to Article 10\(^{bis}\) of the Paris Convention for protection of Industry Property which uses the expression “honest practices in industrial or commercial matters.” Article 10\(^{bis}\) defines an “act of unfair competition” as one which is contrary to such practices. The said Article runs thus:

The following, in particular, shall be prohibited:

1. All acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;

2. False allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;

\(^4\)Id.
3. Indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

The Trade Marks Act, 1999 has made a comprehensive provision for honest use of competitors’ trade marks, use of any trade mark in business papers or in correspondence or exchange of letters and advertising both in spoken and visual formats. A bare perusal and literal interpretation of §29(8)(c) makes it clear, that a statement about a competing trade mark, if it denigrates or causes disrepute to the impugned trade mark, would constitute infringement. Such a statement or advertisement should be restrained by the court. However, the problem arises when the statement is pleaded as truthful, whether it would then constitute infringement because it denigrates, is an issue which lacks clarity. It might be difficult to make a court accept what the truth is as it may become too contentious. Even the law may not permit private persons to settle this issue under the trade mark law, as the government or state may deal with untruthful or defamatory situations in the public interest under public law. The question whether a factually correct statement can be misleading was contemplated under §36A (1)(x) of the MRTP Act (repealed), it was answered in affirmative by the MRTPC in *Win Medicare v. Reckitt Benckiser*.

**COMPARATIVE ADVERTISING**

Comparative advertising is advertisement where a party advertises his goods or services by comparing them with the goods and services of another party. This is generally done by either projecting that the advertiser’s product is of the same or superior quality to that of the

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6 The Trade Marks Act, 1999, §29(8)(c).
7 2002 (24) PTC 686 MRTPC; Whether under the existing principle as applied to trade mark cases, the court shall declare it as disparagement cannot be said with certainty, though such inclination is shown in one or two cases. The observations of the Supreme Court in Lakhapal National v. MRTP Commission, AIR 1989 SC 1692, on the basis on which MRTPC had pronounced in their judgements, read as follows:

> “The issue cannot be resolved by merely examining whether the representation is correct or incorrect in the literal sense. A representation containing a statement apparently correct in the technical sense may have effect of misleading the buyer by using tricky language….It is therefore, necessary to examine whether the representation complained of contains the elements of misleading a buyer….Another way of stating the rule is to say that substantial falsity is on the one hand necessary and on the other hand adequate, to establish a misrepresentation and that where the entire representation is a faithful picture or transcript of the essential facts no falsity is established, even though there may have been any number of inaccuracies in unimportant details. Conversely, if the general impression conveyed is false the most punctilious and scrupulous accuracy in immaterial minutiae will not render the representation true.”

Applying the test the MRTPC had concluded that the results as shown in the comparative table are bound prejudice the readers as far as ‘betadine’ was concerned. The commission added:

> “from the above ruling, it is abundantly clear that even a technically correct statement can be misleading and it all depends on the manner of presentation and the language used.”
compared product or by denigrating the quality of the product compared. New or unknown brands benefit most from comparative advertising, because of the potential for the transfer of the intangible values associated with the reputed compared brand. Reputed brands keep agitating about the undue benefit which inures to such unknown or new brand and some practices have successfully objected to by a judgement in the ECJ,\(^8\) which has been a matter of debate in Europe. There is an underlying assumption that the comparative advertising benefits the consumer as the consumer comes to know of the two products and their comparative features/merits.

Comparative advertising would include within its ambit, any advertising which could explicitly or by implications identifies a competitor or goods or services offered by a competitor.\(^9\) The comparative advertising is deemed beneficial to the public interest. Whereas, §30(1) of the Trade Marks Act, 1999 seeks to protect the use of a registered trade mark by any person for the purpose identifying the goods or services as those of the proprietor, subject to the condition that the use is bona fide. In other words, the use must be in general accord with the trade practices and should not be taken to be an unfair advantage of the reputation of the mark or be detrimental to its distinctive character. Comparative advertising, or at least proper comparative advertising, is presumably to be taken as being honest, not unfair. It should be exerted for the purpose of identifying the genuine goods or services of the proprietor.

It is possible that by virtue of an advertising campaign a manufacturer gives his product a distinctive character, which the market exclusively associates with. The test is to inquire whether there is a likelihood of confusion resulting from the manner which the defendant’s product has been advertised and whether the plaintiff is entitled to exclusive use of the idea. Laudatory epithets may be used by a manufacturer but to claim exclusivity a higher element of distinctiveness has to be demonstrated.\(^10\)

Since comparative advertising has become a commercial practice in India it has been permitted as far as the comparison is concerned, where:

\begin{itemize}
  \item[(a)] It is not misleading…;
  \item[(b)] It compares goods or services meeting the same needs or intended for the same purpose;
\end{itemize}

\(^9\)See Art. 2(1) and 2(2)(a) of the Advertising Directive EEC.
(c) It objectively compares one or more material, relevant, verifiable and representative features of those goods and services, which may include price;

(d) It does not create confusion in the market place between the advertiser and a competitor or between the advertiser’s trademarks, trade names, and other distinguishing marks, goods or services and those of a competitor;

(e) It does not discredit or denigrate the trademarks, trade names, other distinguishing marks, goods, services, activities, or circumstances of a competitor;

(f) For products with designation of origin, it relates in each case to products with the same designation;

(g) It does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation or origin of competing products;

(h) It does not present goods or services as imitations or replicas of goods and services bearing a protected trade mark or trade name.

This basically forms the pith of the laws prevalent in Europe, but are primordial in the context of the provisions of §29(8)\textsuperscript{11}.

In *Rickitt & Colman of India Ltd. v. M.P Ramachandran*\textsuperscript{12}, it was held that:

“What he can claim is only that his product and his technology is superior. While comparing the technology and the products manufactured on the basis thereof, he can say that by reason of the new superior technology available to him, his product is much superior to the others. He cannot, however, while so comparing say that the available technology and the products made in accordance therewith are bad and harmful.”

The following 5 principles were laid down by Calcutta High Court as a guiding factor for the grant of an injunction in such matters:

“I. A tradesman is entitled to declare his goods to be the best in the world even though the declaration is untrue.

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\textsuperscript{11}The Trade Marks Act, 1999, §29(8).

\textsuperscript{12} 1999 (19) PTC 741 (Cal).
II. He can also say that my goods are better than his competitors’, even though such statement is untrue.

III. 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 the others.

IV. 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.

V. If there is no defamation, to the goods or to the manufacturer of such goods no action lies, but if there is defamation, 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.”

The above principles were also adopted by the same court in Rickitt& Coleman of India Ltd. v. Kiwi T.T.K. Limited\textsuperscript{13}.

In Dabur India Limited v. Emami Ltd.\textsuperscript{14}, where the advertisement sought to be conveyed by the T.V. commercial that the consumption of Chayawanprash during the summer months was not advisable and ‘Amritprash’ was more effective substitute for ‘Chayawanprash’ was held “clearly disparaging to the product of the plaintiff as there is an element of insinuation present in the said advertisement.” Temporary injunction was granted against the commercial Telecast. It was further stated that even if there was no direct reference to the product of the plaintiff and only a reference is made to the entire class of ‘Chayawanprash’ in its generic sense, disparagement is possible.

A statement made by one trader that his goods are superior to those of a rival (mere puffing) even if it is false and known to be so and causes damage to the other is not actionable, for courts of law cannot be converted into advertising agencies for trying the relative merits of rival productions. However, such “privilege” is confined to those imprecise commendations which are a common part of advertising and to which a reasonable person does not attach very much importance. Accordingly, if the defendant chooses to form his comparisons in the

\textsuperscript{13} 1996 (16) PTC 393.

\textsuperscript{14} 2004 (29) PTC 1.
form of scientific tests or other statements of ascertainable facts, he will be liable if they are proved untrue.

One has to look at whether the advertisement merely puffed the product of the advertiser or in the garb of doing the same, directly or indirectly contended that the product is inferior. It was sought to be contended that insinuations against all are permissible though the same may not be permissible against one particular individual\(^{15}\).

On the other hand, in *Godrej Sara Lee Ltd. v. Reckitt Benckiser (I) Ltd.*\(^{16}\) it was observed that defendants’ advertisement was that its product was better in the sense that it was more convenient to use the same for destroying two kinds of insects at the same time. There was no negative reference to the plaintiff’s product, nor was it defamatory.

In *Boehringer Ingelheim Ltd. v. Vetplus Ltd.*\(^{17}\) it was held that an injunction would only be granted if the comparative advertisement of the defendant was not “in accordance with honest practices in industrial and commercial matters”. That is something which would be rare to determine at an interlocutory stage and certainly, in this case, could only be determined after trial with expert witnesses of opinion if not of fact also. In this case, interim injunction was hence, refused.

**DISPARAGEMENT**

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 depressing, 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 Concise Oxford Dictionary defines disparage as under, to bring discredite on, slighting of and depreciate. Disparage in the common parlance means derogating or degrading or a condition of low estimation or valuation. To decide the question of disparagement we have to keep the following factors in mind:

a) Intent of Commercial

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\(^{15}\) Rickitt & Colman of India Ltd. v. M.P Ramachandran, 1999 (19) PTC 741 (Cal).


\(^{17}\) (2007) FSR 29, 737.
b) Manner of Commercial

c) Storyline of the commercial, and

d) The message sought to be conveyed by the commercial

Out of the above, “manner of the commercial” is of utmost importance. If the manner is ridiculing or condemning the product of the competitor then it amounts to disparaging, but, if the manner is only to show one’s product is better or the best without derogating other’s product, then that is not actionable. In the electronic media, the disparaging message is conveyed to the viewer by repeatedly showing commercials every day thereby ensuring that the viewer’s get a clear message as the commercial leaves an indelible impression on their mind. It is apparent that the disparagement is squarely covered under §29(8) (b) and (c) and the perpetrator is hit by §29(8)(a) of the Trade Marks Act, 1999.

The following Legal Principles are generally followed to decide whether the advertising is merely harmless comparative advertising or whether it denigrates the rival product giving a valid cause of action:

1. A manufacturer of a disparaged which though not identified by name can complain of and seek to injunct such disparagement.
2. Generic disparagement of a rival product without specifically identifying or pinpointing the rival product is equally objectionable.

In *S.C. Johnson & Son, Inc. v. Buchanan Group Pty Ltd.* restraining the defendants from using the impugned advertisement, the High Court held that:

“Every comparison does not necessarily amount to disparagement. Consequently, what is required to be answered is: whether there is denigration of plaintiff’s product”

In the case at hand, both the plaintiff’s and defendant’s products were kitchen cleaners. Therefore the efficacy in cleaning tough kitchen stains with minimum effort should have been the core objective of manufacturing a product of such kind. The impugned advertisement undoubtedly shows that “CIF Cream” which is the defendant’s product

18Pepsico Inc. v. Hindustan Coca Cola, 2003 (27) PTC 305 (Del-DB).
19 Reckitt Benckiser (India) Ltd. v. Hindustan Lever Limited, 2008 (38) PTC 139 (Del).
20 2010 (42) PTC (Del).
achieves this objective quickly with least amount of effort in comparison to the product of its competitor. The impugned advertisement *prima facie* does seem to denigrate the plaintiff’s product. Hence, the learned court decided to restrain the defendant from using the commercial.

In *Dabur India Limited v. Colgate Palmolive India Ltd.*\(^21\) the issue of Trade Rivalry which lead to advertisements in which the product of an advertiser is extolled and the rival product is depreciated was considered. In that case, the TV advertisement complained that a cine star is seen stopping people from purchasing Lal Dant Manjan Powders. He further informs them of the ill-effects of Lal Dant Manjan by rubbing it on the purchaser’s spectacles which leaves marks which are termed by him as being akin to sand-papering. He also endorses the Defendant Colgate’s Tooth Powder as being 16 times less abrasive and non-damaging to the spectacles. He is heard telling the purchaser that it is easy to change spectacles but not the teeth. While granting the injunction and restraining the defendants from telecasting the TV Commercial, the judge held that:

“Generic disparagement of a rival product without specifically identifying or pinpointing the rival product is equally objectionable. Clever advertising can indeed hit a rival product without specifically referring to it. No one can disparage a class or genre of a product within which a complaining plaintiff falls and raise a defence that the plaintiff has not been specifically identified.”

In *Dabur India Ltd. v. Wipro Limited*\(^22\), while comparing two products, the advertised product will but naturally have to be shown as better. The law, as accepted by the court, is that it is permissible for the advertiser to proclaim that its product is the best. This necessarily implies that all other similar products are inferior. In such a case there is no disparagement of the plaintiff’s product and no injunction.

### A. PUFFING UP

“Puffing” is exaggerated advertising, blustering and boasting on which a reasonable buyer would rely on. And is not actionable. Puffing may also consist of a general claim of superiority over comparable goods. But, that comparison should be so vague that it can be understood as merely the seller’s expression of opinion. An exaggerated advertisement

\(^{21}\) 2004 (29) PTC 401.
\(^{22}\) 2006 (32) PTC 677 (Del).
which is placed with the intent to influence the customer’s buying decision cannot be dismissed as puffing up.

It is to be stressed that:

a) Between clear-cut cases of permissible comparative advertising and impermissible “rubbishing” of a rival’s product there may yet be a wild field of cases, and

b) The dividing line in such cases would have to be drawn on the basis of the test – “whether a reasonable man would take the claim of the alleged slander seriously, or take it with the proverbial ‘large pinch of salt’ and dismiss it as mere puffery”. If it is the former then, it is a case of disparagement and if it is the latter, then it is a case of mere puffery which is not actionable.

A disparagement, even if generic is a disparagement and can be restrained at the behest of the affected party. The true comparative statements are allowed. Comparative statements should stop discrediting or denigrating the other product. The Delhi High Court in Reckitt & Coleman of India v. Kiwi T.T.K explained the concept of comparative advertising by stating that:

"a manufacturer is entitled to make a statement that his goods are the best and also make some statements for puffing of his goods and the same will not give a cause of action to the other traders or manufacturer of similar goods to institute proceedings as there is no disparagement or defamation or disparagement of the goods of the manufacturer in so doing. However, a manufacturer is not entitled to say that his competitor's goods are bad as to puff and promote his goods,"

B. TRADE LIBEL- MALICIOUS FALSEHOOD

The Defendant Trader has to bear in his mind that his advertisement does not fall within the four corners of what constitutes in law, malicious falsehood. Thus observing the High Court of Delhi in Dabur India Ltd. v. Colortek Meghalaya Pvt. Ltd referred to the

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23 Karamchand Appliances v. Sri Adhukari Brothers, 2005 (31) PTC 1 (Del).
25 2010 (42) PTC 88 (Del).
following principles evolving in English Cases, like *White v. Mellin*²⁶ and *The Royal Banking Power Company v. Writ Grossley & Co.*²⁷:

1) Trader is entitled to say that his goods are the best in the world. In doing so, he can compare his goods with another.

2) While saying that his goods are better than those of his rival traders he can say that his goods are better “in this or that or other respect”.

3) Whether the impugned statements made to disparage the rival trader’s goods is one which would be taken ‘seriously’ by a ‘reasonable man’. A possible alternative to this test would be whether the defendant has pointed out the specific defect or demerit in the plaintiff’s goods.

4) A statement by the defendant puffing his own goods is not actionable.

The court in the case of *The Royal Banking Power Company v. Writ Grossley & Co.*²⁸ held that in an action for malicious falsehood the plaintiff must necessarily plead and prove the ingredients of malicious falsehood, which are:

1) That the impugned statement is untrue;

2) The statement is made maliciously, that is, without just cause or excuse;

3) The plaintiffs have suffered special damage thereby.

Comparative advertising in which a trader makes express reference to the registered trade mark of a competitor, it constitutes infringement. In *Vodafone Group PLC v. Orange Personal Communications Services Ltd.*²⁹ the action was for malicious falsehood and infringement of the registered Trade mark. The Chancery Division while dismissing the plaintiff’s case held that comparative advertising is permitted so long as such advertisement was not detrimental to and did not take unfair advantage of a registered Trade mark. The case was decided under §10 of the U.K. Trade Marks Act 1994.

In *Reckitt Benckiser (India) Ltd. v. Hindustan Lever Limited*³⁰ the matter concerned the disparagement of the plaintiff’s soap sold under the Trade Mark “DETTOL” in

²⁶ (1895) AC 154 HL.
²⁷ (1901) 18 RPC 95.
²⁸ (1901) 18 RPC 95.
²⁹ (1997) FSR 34.
³⁰ 2008 (38) PTC 139 (Del).
the defendant’s advertisement for promotion of its soap “LIFEBUOY”. The court held that the advertisement was not merely to promote the superiority of the defendant’s lifebuoy soup but to disparage plaintiff’s Dettol soap, hence, injunction was granted against the Defendants.

I. POSITION IN U.K/EEC

The extent to which comparative advertising is permitted, so far as comparison is concerned, where:

a) It is not misleading according to Art. 2(2), 3, 7(1);

b) It compares goods or services meeting the same needs or intended for the same purpose;

c) It objectively compares one or more material, relevant, verifiable and representative features of those goods and services, which may include price;

d) It does not create confusion in the market place between the advertiser and the competitor or between the advertiser’s trademarks, trade names, other distinguishing marks, goods or services and those of a competitor;

e) It does not discredit or denigrate the trade marks, trade names, other distinguishing marks, goods, services, activities or circumstances of a competitor;

f) For products with designation of origin, it relates in each case to products with the same designation;

g) It does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products;

h) It does not present goods or services as imitations or replicas of goods or services bearing protected trade mark;

In short, Comparative advertising is permitted as long as such advertisement is not detrimental to and does not take any unfair advantage of a registered trade mark. The Authoritative British Airways Case on Advertisements;

31EEC Article 3(1), Also see Pepsico v. Hindustan Coca Cola, 2003 (27) PTC 307.
In *British Airways Plc v. Ryanair Ltd.*, Jacob J., for the Chancery Division summarized the position as follow;

a) The primary objective of §10(6) of the UK 1994 Act is to permit comparative advertising;

b) As long as the use of competitors mark is honest, there is nothing wrong in telling the public of the relative merits of the competing goods or services and using the registered trade mark to identify them;

c) The onus is on the registered proprietor to show that the factors indicated in the proviso to §10(6) exists;

d) There will be no trade mark infringement, unless the use of the registered trade mark is not in accordance to the honest practices;

e) The test is objective: would a reasonable reader be likely to say, upon being given the full facts, that the advertisement is not honest?

f) Statutory or industry agreed codes of conduct are not a helpful guide as to whether an advertisement is honest for the purpose of §10(6). Honesty has to be gauged against what is reasonable to be expected by the relevant public of advertisement for goods or services in issue;

g) It should be borne in mind that the general public are used to the way of advertisers and expect hyperbole;

h) The 1994 Act does not impose on the courts an obligation to try and enforce through the back door of trade mark legislation a more puritanical standard than the general public would expect from advertising copy;

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32 Under Article 7(2) of Advertising Directive, Member states of EEC may not provide more extensive protection against comparative advertising, as far as the comparison is concerned. Vodafone Group PLC v. Orange Personal Communications Services Ltd., is a celebrated case on Comparative advertising in UK which will always have to be quoted as a starting point as every next case is summarizing, expanding or giving new interpretations to the views in the *Vodafone Case*. In the case, the action was for malicious false rule and infringement of the registered trade mark. The Chancery Division while dismissing the plaintiff’s case had held that comparative advertising is permitted so long as such advertising was not detrimental to and did not take unfair advantage of a registered trade mark. The case was decided under s. 10 of the UK Trade Marks Act, 1994.


34 §10(5) & 10(6) of UK are analogous provisions to §29(6) (8) read with §30 of Indian Trade Mark Act, 1999. The legislations are not replica of each other, but in substance enact similar provisions though in quite different language.
i) An advertisement which is significantly misleading is not honest for the purposes of §10(6);

j) The advertisement must be considered as a whole;

k) As a purpose of the UK 1994 Act is to positively permit comparative advertising, the court should not hold words used in the advertisement to be seriously misleading for interlocutory purposes, unless on a fair reading of them in their context and against the background of the advertisement as a whole they can really be said to justify that description;

l) A minute textual examination is not something upon which the reasonable reader of an advertisement would embark upon;

m) The court should, therefore, not encourage a microscope approach to the construction of a comparative advertising on a motion for interlocutory relief.

**DISPARAGEMENT AND PASSING OFF**

In case of passing off the comparison is of the rival products having an established mark, trade dress or get-up. Familiarity with the established mark, trade dress or get up is presumed, because, it is this familiarity that the person intending to pass off his goods as those of the famous or more popular mark, exploits. In case of disparagement, the one who disparages another’s product does not seek to make his product similar to the disparaged product, but to distinguish it from the disparaged product. Moreover, whether to disparage a product under the freedom of speech and expression as conferred by the Constitution of India, has been questioned. In the case of *Tata press v. MTNL*, the court had said that though advertisement is a commercial speech, it does not permit defamation. In another case, Madan Lokur, J. added that it would be a little farfetched to say that an advertisement has the liberty to disparage the product of its competitor without any check, under the garb of freedom of speech.

In *ICC Development (International) Ltd v. Arvee Enterprises*, the plaintiff filed an application for registration of words ‘ICC Cricket World Cup South Africa 2003’ and the logo and the mascot ‘DAZZLER’ in India and worldwide. The plaintiff was a corporation.

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35 AIR 1995 SC 2438.
37 2003 (26) PTC 245 (Del).
incorporated to own control and all commercial and other intellectual property rights of the events organised by the International Cricket Council. It had all the rights for the “World Cup 2003”. The defendant was using the word ‘Philips: Diwali Manaao World Cup Jao’ and ‘Buy a Philip Audio System and win a ticket to The World Cup’. The plaintiffs argued that the defendants were intentionally using those words, inserting a pictorial representation of ticket with an imaginative seat and gate number saying ‘Cricket World Cup 2003’, in the advertising campaign and that it amounted to ‘passing off’ as also ‘unfair competition’, and ‘ambush marketing’. In so far as the word ‘world cup’ was concerned, it was declared to be a generic word, having a dictionary meaning, and was thus incapable of being used as a brand name. The defendant had not used the plaintiff’s logo or mascot ‘Dazzler’ but merely offered the tickets as prizes in the advertising campaign. The plaintiff failed to make out a prima facie case for grant of ad interim injunction, and the same was refused.

The concept of Ambush Marketing is distinguishable from passing off and the Delhi High Court had observed thus:38

“In the passing off action, there is an element of overt or covert deceit whereas ambush marketing is an opportunistic commercial exploitation of an event. The ambush marketer does not seek to suggest any connection with the event but gives his own brand or other insignia, a larger exposure to the people, attached to the event, without any authorization of the event organizer. The organizer calls it ambush marketing by the defendant, for promoting his brand or product without incurring financial obligation like the official sponsors. The ambush marketing may be inside the stadium like clash between official and personal endorsement or outside the stadium. However, in such cases there is no deception, therefore, the defendant’s conduct cannot be categorised as wrongful or against public interest. It is part of freedom of speech and expression as guaranteed under Art. 19(1)(a).”

DILUTION

Disparagement and tarnishment in advertising causes dilution of a trademark and thus the doctrine of dilution is an independent and distinct doctrine of infringement and passing off in contrast to similarity of marks or trade dress. The underlying object of this doctrine is that there is a presumption that the relevant customers start associating a trademark with a new

38 2003 (26) PTC 245 (Del).
and different source of goods or services. It, therefore, results in smearing or partially affecting the descriptive link between the mark of the prior user and his goods. In other words, such kind of dilution is not a fair practice that is expressed in trade and commerce as not only does it reduce the force of value of the trademark but it also gradually tampers the commercial of the mark slice by slice.

INFRINGEMENT THROUGH ADVERTISING: INDIAN COURTS

1. In *PepsiCo Inc. v. Hindustan Coca Cola*, 39 pepsi, the registered owner of the trademark PEPSI, PEPSI COLA and GLOBAL DEVICE which is the original artistic device and copyright in the slogan YEH DIL MANGE MORE used the slogan along with the mark PEPSI for their soft drinks in all their advertisements. The defendants issued four ads to promote their brands THUMS UP and SPRITE. These ads were alleged to be bad as disparaging or infringing their goods or violating their rights and as such injunction was sought against their publication. The defendants had claimed that their ad was aimed at poking fun at the ads of others and the same permissible in law. The single judge had found the ad as actionable. When puffing or poking amounts to denigration of the goods of the competitor, it is actionable.

In appeal USHA MEHRA and O DWIVEDI, JJ. said: by calling the cola drink “yeh bacchon wali hain, bacchon ko yeh pasand ayegi... wrong choice baby,” the court held that the respondents depicted the commercial in a derogatory and mocking manner. It cannot be called puffing up. The message was that kids who wanted to grow should not drink PEPSI, they should grow up with THUMS UP. The manner in which the message was conveyed did show a disparagement of the appellant’s product. The appeal court in Pepsico held that it could be concluded that when the respondent, in the commercial, depicted the bottle with the Mark ‘PAPPI with the global device’ it was a clear insinuation by the respondent against the product of the appellant, i.e., PEPSI was meant for children only. It was true that by alleging a drink to be meant for children, it could not be termed as denigration, but the manner in which the boy was depicted as embarrassed was calculated to show the drink in low estimation.

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39 2001 PTC 699 (Del); appeal decision in 2003 (27) PTC 305 DB.
Key elements to establish Infringement through disparagement: In order to succeed in an action for infringement where disparagement is alleged, the plaintiffs will have to establish the following key elements;

a) That the defendant made a false or misleading statement of fact about the plaintiff’s product;

b) That the concerned statement either deceived or had the capacity to deceive, a substantial segment of potential consumers;

c) The deception was material as it was likely to influence consumer’s purchasing decisions.

2. In Karamchand Appliances v. Sri Adhukari Brothers, the defendants commercial had shown the pluggy device of the plaintiff and dubbed the same an obsolete 15 years old method of chasing away mosquitoes. The advertisement claimed that the plaintiff’s product was a latest machine available in the market which chased away mosquitoes at twice the speed. The court found the advertisement as disparaging and restrained the telecast of the advertisement. In the appeal, the DB had allowed the airing of any edited version of the commercial which did not disparage the goods of the respondent.

The case related to the modified commercial in which the defendant claimed that it was not showing anything similar to the pluggy device of the plaintiff. Upon scrutiny, the defendant was unable to establish that the pluggy device shown in the advertisement was 15 year old. The court restrained the telecast of the modified commercial, not only because the commercial disparaged the product manufactured and marketed by the plaintiff, but also because the claims made by the defendant about any technology advantage justifying the disparagement were not substantiated. Thus a disparagement even if generic is a disparagement and can be restrained at the behest of an affected party.

3. On the 16th of June 2017, the Bombay High Court in the case of Hindustan Unilever Limited (HUL) v. Gujarat Cooperative Milk Marketing Federation Ltd. (Amul) held that an action for disparagement of a plaintiff’s product can be sustained against an advertiser, even if the advertisement is directed towards an entire class of products,
in which the plaintiff’s product falls. Even if no direct reference is made to the plaintiff’s product and a generic reference is being made to an entire class, the action of disparagement can be upheld. Gujarat Cooperative Milk Marketing Federation, which markets Amul ice cream, was asked to stop telecasting certain misleading television advertisements which aimed to disparage the entire category of frozen desserts.

Hindustan Unilever Limited, the plaintiff has been carrying on the business of manufacturing and selling Fast moving consumer goods including frozen desserts and ice cream under the mark ‘KWALITY WALLS’. KWALITY WALLS had been the first ever brand of Ice-creams being introduced to the Indian Market on a large commercial scale and till date, it shares a very outstanding status amongst the consumers. The products sold under the mark of KWALITY WALLS demand unblemished reputation and goodwill because these products are widely known for their quality and taste. These products have met all the requirements of the law, rules and regulations including the food safety requirements, hence have an impeccable command over the market. A civil suit for generic disparagement was brought by the plaintiff where they alleged that, since 4th of March 2017, Gujarat Cooperative Milk Marketing Federation had been airing television commercials which had been stating factually incorrect statements. These statements, according to the plaintiffs had created scepticism in the minds of the target audiences.

Hindustan Unilever Limited contended that the storyline, content, intent and the manner of the portrayal of the two Television Commercials by Amul implied that all frozen desserts contained hydrogenated vegetable oil (Vanaspati) which was thereby unsuitable for public consumption, especially children. The commercials portrayed a child being treated for a dental issue and thereby the father being instructed to feed the ailing child ice-cream and not frozen desserts as they contain Vanaspati.

Amul subsequently contended that their commercial was not directed towards the plaintiffs as no specific reference or mention was made. They stated that it was absolutely legitimate for them to show that all frozen desserts contain either Vanaspati or Vanaspati Tel. Further, Hindustan Unilever Limited claimed that 70% of the manufacturer of Frozen Desserts do not use Vanaspati, hence it was an extremely derogatory remark. Such television commercials send wrong implications to the public at large. Amul had also failed to place any befitting record to prove that all manufacturers use Vanaspati Tel. In fact, they could furnish material against only one manufacturer which mentioned Vanaspati in their ingredients. But, one manufacturer is not sufficient to mar the class of frozen desserts on the
whole. Ultimately, the Bombay High Court held Amul guilty of disparaging a rival product and subsequently running a negative campaign.

DEFENCES

The law under §30 of The Trade Mark Act, 1999 specifically excludes certain acts as not constituting infringement. It is proposed to be amplified by explicitly stating that there will be no infringement if the use of a mark is in accordance with honest practices in industrial or commercial matters and is not such as to take unfair advantage of or be detrimental to the distinctive character or repute of a trade mark.

There is no infringement in the following cases:-

1. Where the use is in relation to goods or services to indicate the kind, quality, quantity, etc., of the goods or of rendering of services.

2. Use of the trade mark in a manner outside the scope of registration where a trade mark is registered subject to conditions or limitations.

3. Where a person uses the mark in relation to goods or services for which the registered owner had once applied the mark, and had not subsequently removed it or impliedly consented to use it.

4. A trade mark registered for any goods may be sued in relation to parts and accessories to other goods, or services and such use is reasonably necessary and its effects if not likely to deceive as to the origin.

5. The use of a registered trade mark being one of two or more registered trade mark which are identical or similar, in exercise, in exercise of the right to the use of that registered trade mark.

§30(1)(a)\textsuperscript{44} enacts to the effect that there will be no infringement if the impugned use of the mark is in accordance with “honest practices” in industrial or commercial matters. There is no definition of the expression in the Act to explain as to what constitutes as “Honest practice”. §11 of the U.K Act 1994 also uses similar expression, as also Article 6(1) of the Trade mark Directive of EEC. The precise elimination of “honest practices” is of course not given in the Trade mark Directive. By its very nature, such concept must allow for a certain flexibility. Its

\textsuperscript{44} The Trade Marks Act, 1999, §30(1)(a).
detailed contours may vary from time to time and according to circumstances, and will be
determined in part by various rules of law which may themselves change, as well as by
changing perceptions of what is acceptable. However, there is a large and clear shared core
concept of what constitutes honest conduct in trade, which may be applied by the courts
without great difficulty and without any excessive danger of great diverging interpretations.

Article 10bis of the Paris Convention for the Protection of Industrial Property (1967) refers to
the concept of ‘honest practices’ and provides that any act of competition contrary to honest
practices in industrial or commercial matters constitutes an act of unfair competition. The
article expressly declares that the following acts, in particular, should be prohibited:

1. All acts of such a nature as to create confusion by any means
whatever with the establishment, the goods, or the industrial or commercial activities,
of a competitor;

2. False allegations in the course of Trade of such a nature as to
discredit the establishment, the goods, or the industrial or commercial activities, of a
competitor;

3. Indications or allegations the use of which in the course of
Trade is liable to mislead the public as to the nature, the manufacturing process, the
characteristic, the suitability for their purpose, or the quantity, of the goods.

In BMW case\textsuperscript{45}, the court described the concept as expressing a duty to act fairly in relation to
legitimate interests of the trade mark owner, and the aim as seeking to:

“Reconcile the fundamental interests of trade mark protection with those of
free movement of goods and freedom to provide services in the common
market in such a way that trade mark rights are able to fulfil their essential role
in the system of undistorted competition which the Treaty seeks to establish
and maintain.”\textsuperscript{46}


In *Aktiebolager Volvo v. Heritage (Leicester) Ltd.*, the Chancery Division found:

“It appears to be now well settled that the test of honesty for the purposes of the proviso is one that has to be asked in relation to that test in the present case is whether a reasonable motor service provider would think the use complained of in the present case, to be honest, or, rather, in accordance with honest practices in that business (see *Cable & Wireless PLC & Another v. British Telecommunications PLC*).

The court further held that:

“the application of the proviso namely ‘the use in accordance with honest practices in industrial and commercial matters’ involves “looking at the particular use complained of as being an infringement of the relevant trade mark and determining whether a reasonable person in the trade concerned, that is to say, in this case, the trade of motor car service provider, knowing all the relevant facts that the defendant knew, would think it an honest use of the trade mark concerned- that is to say, honest use in the commercial activity in which such a trader is involved. That, in my judgement, must involve considering all the circumstances surrounding the use complained of and the context in which that use was made.”

In the aforesaid case, the court referred to the case of *BMW v. DEENIK*, where the question was whether a trader, not being an authorized dealer, in that case, in BMW Motor Cars, was entitled to use the name BMW being a registered Trade Mark of the BMW Manufacturing Company, in the context of holding itself out as having specialized expertise in serving BMW cars. In its conclusion, the court said thus,

“Articles 5 to 7 of First Directive 89/104 …, and those, as I understand it, are articles which were not incorporated into the English 1994 Act in §§6, 10 and 11….Do not entitle the proprietor of a Trade mark to prohibit a third party from using the mark for the purpose of informing the public that he carried out the repair and maintenance of goods covered by that Trade Mark and put on

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the market under that mark by the proprietor or with his consent, or that he has specialized or is a specialist in the sale or repair and maintenance of such goods….unless the mark is used in a way that may create the impression that there is a commercial connection between the other undertaking and the trade mark proprietor, and in particular that the resellers business is affiliated to the trade mark proprietor’s distribution network or that there is a special relationship between the two undertakings.

In the Volvo case, the court ruled that the defendant used the plaintiff’s Volvo mark which might create and indeed was likely to create the impression that there was a continuing commercial relation or connection between the defendant and Volvo. Therefore the use of the word Volvo outside the defendant’s premises and on the letter head stationery in the manner in which it has been used constituting infringement of the claimants service trade mark and as such they were prevented from enjoying the benefits of the proviso, by the fact that the use concerned was not in accordance with honest practices in industrial or commercial matters.

**CONCLUSION**

After ample amount of deliberations and research, we can conclude by saying that Comparative Advertising can be a malediction as well as a boon. It seems that comparative advertising holds eminent stature, yet is a matter entailing perennial debates and incessant contradictions. The present standing of comparative advertising with respect to its rival products is now a very well settled principle in consonance to the judicial precedents as well as with regards to the legal provisions. A tradesman can make fallacious declarations about his product being the best or better than that of his competitors. Moreover, can also make comparisons with regard to the advantages of his goods to that of his competitors’. But the law hinders him from saying that his competitors’ goods are bad or inferior. Such comparative advertising thereby not only misleads the consumers but, is also violating the other traders’ intellectual property right. In the light of which, it is actionable when the words go beyond a mere puff and constitute untrue statements of fact about a rival’s product.\(^{50}\)

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\(^{50}\)HALSBURY'S LAWS OF ENGLAND 278 (4th ed., 2006)
The finding in the decision of the Delhi High Court in Dabur India Ltd. v. Wipro Limited is that defendant can claim his product to be better than that of the plaintiff but cannot say that the plaintiff’s product is inferior to that of the defendants. Through several judicial pronouncements, it has been made very clear that even if comparative advertising is done it should be fair and should not disrepute either the trade mark or the product of the competitor. The position of comparative advertising and Generic disparagement is almost the same throughout the world. Although in the garb of infringement it sometimes provides aid in increasing the consumer awareness as well as allows an advertiser to establish his brand in the market by propagating that his products are better than that of his competitors. But, at the same time, there needs to be certain rules and regulations in order to prohibit the misuse/abuse and to maintain a proper check and balance.

The interest of the public being of the utmost importance the court can never let the trade rivalries be settled in the market (as the court would not have the technical knowledge to decide as to which product is better), but that would have an ailing effect on the public at large. Because on one hand, it increases the awareness among the public but on the other hand misleading or disparaging advertisements can affect the public at large immensely. In Pepsi Co. Inc. and others v. Hindustan Coca Cola Ltd., wherein it was held that though boasting about one's product is permissible, disparaging a rival product is not, whilst glorifying its product, an advertiser may not denigrate or disparage a rival product.

The trade mark laws have evolved to a great extent over a period of time, it now provides protection at every stage to the trade mark owners. With the advancement of science and technology it is duly expected that the users are to be reasonably well aware before they register their own trade mark, by virtue of which there can be no one with even a lightly similar mark which could create confusion for the customers. The trade mark owners are to be careful about their mark even beyond their territorial limits.

51 2006 (32) PTC 677 (Del).
52 2003 (27) PTC 305 (Del-DB).