DISPARAGEMENT IN TRADEMARK

Written by ***Divyanshu Priyadarshi***

Assistant Professor, MIT World Peace University, Faculty of Law

ABSTRACT

Trademarks have been used for centuries. Earlier it was primarily used for identifying the goods of one from another. Repetitive use of trademarks on goods helped people to associate the goods with the marks until they became a brand. Today trademarks are increasingly used as an important tool for advertisement. However, today's market is that of cut-throat competition where often competitors indulge in illegal and immoral practices to increase sales of their own goods and services. Disparagement of trade mark means belittling the trade mark of other. Remedy for disparagement can be found under common law in form of damages and injunction for tort of disparagement, as well as under S 28 of the Trade Mark Act, 1999. Though the law prohibits disparagement, it does not prohibit comparative advertisement per se, or honest use of another's trademark. The paper seeks to bring out the subtle differences in between the term's disparagement, passing off, puffing and comparative advertisement with the help of landmark cases delivered by courts of law. The paper also throws light upon the guidelines issued by the Advertising Standards Council of India (ASCI). While comparative advertisement is essential for consumers to be able to compare the goods and services of various competitors, yet it is also important to ensure that the advertisement does not harm the reputation or the trademark of the competitor.

INTRODUCTION

Disparagement of trade mark, in simple terms, means using another trade mark dishonestly in advertisements[i]. According to the Black's Law Dictionary, disparagement means "*a derogatory comparison of one thing with another, or a false or injurious statement that discredits or detracts from the reputation of another character, property, product, or business*"[ii].

When used in reference to trade mark law, disparagement originally referred to a common law tort whereby one person belittles goods, business or services of another "*by making a remark that is misleading or false, but is not necessarily defamatory*"[iii].

Under the Indian Trade Mark Act of 1999 (hereinafter referred to as 'the Act'), disparagement refers to the act of dishonest use of another's trademark in commercials or advertisements. Section 29 (8) of the act provides for relief in cases of trade mark disparagement. It states that

> *"A registered trade mark is infringed by 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 its distinctive character, or*
> *c) is against the reputation of the trade mark"*[iv]

DISPARAGEMENT VERSUS PASSING OFF

Tort of passing off refers to an act of the defendant whereby he misrepresents his goods as that of another's, with an intention or knowledge that such misrepresentation will deceive or is likely to deceive the potential buyers.

In the case of *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd*[v], that in the cases of passing-off, what has to be seen is "*the similarity between the competing marks and to determine whether there is likelihood of deception or causing confusion*", or, as held in the case of *Schweppes Ltd. v Gibbens*[vi], "*whether the thing - taken in its entirety, looking at the*

whole thing - is such that in the ordinary course of things a person with reasonable comprehension and with proper insight would be deceived".

Whereas, in the case of disparagement, the defendant does not misrepresent his own product as that of his competitor, but clearly distinguishes his own product from the disparaged product, the disparaged product being represented in such a way that it appears to be similar to the competitor's product[vii].

PUFFING VERSUS COMPARATIVE ADVERTISEMENT

The manufacturing of a product commercially would be science but advertisement is really an art. A good advertisement is one which holds on to the attention of an individual long enough for the person to be ready to pay for the product, although sometimes he may not even want that product or may not even have the money to purchase it; such is the power of advertisements. Advertisement although a subset of marketing, has its own different forms depending on the content of the advertisement. The following are some of the different types:

***Puffing*:** The Merriam Webster Dictionary defines 'puffery' as "an exaggerated commendation especially for promotional purposes." So, in essence puffing used in advertisements can be considered to be an act of swelling by the product or service owner generally with respect to the quality of his goods. However, it must be noted that puffery is not actual truth. The advertiser in puffery does not intend to enter into a legally binding promise about the quality of his goods; it is more of an opinion rather than facts. An example of puffery could be an advertisement which claims that their product is the best in the world. It should be noted here that many products such as cosmetics, food products, drinks are so subjective and their likeability depends upon the consumers choice hence it really cannot be said that an advertisement is making a false claim by stating that their product is the best in the world as a product may be liked by one person and hated by another. Therefore, making of such claims is permitted in law[viii]. However, disparagement will lead to a cause of action in a court of law. An interesting point to be focussed upon here is that when an advertisement claims its product to be the best in the world, it is in another way saying that the product of its rivals are of sub-

par standard than that of its own, which in effect would be disparagement, however the courts it seems have not taken into consideration this point of view.

Comparative advertisement: The two words put together literally mean an advertisement which compares the products or services of the advertiser with that of his competitors. The history of comparative advertisement started mainly with banks and insurance companies which used to compare the service offered by themselves with that of their rivals in the same industry[ix]. Although today in general parlance comparative advertisement may be understood to be a negative practice however that is far from the truth. In fact, the Trademark Act, 1999 allows for the comparative advertisement as long as the use of the registered trademark of another is in compliance with honest practices of the industry and is not such that which will take unfair advantage of the other trademark.[x] Also, the Federal Trade Commission of the United States of America encourages comparative advertisement with an aim to fulfil a larger public welfare policy as a comparison will lead to informed purchases being made by consumers, it will give them better choices and will encourage a competitive market leading to more innovation and better quality of goods.[xi] This form of advertisement is generally made with an intention to increase sales of the advertiser however it might lead to disparagement if due care is not taken to prevent causing harm to the trademark of the competitors. In *Reckitt and Colman of India Ltd. vs. M.P. Ramchandran and Anr*[xii]., the court held that a person is entitled to declare his goods - best in the world, even though the declaration is untrue(puffery), he can also state that his goods are better than his competitor's, even though untrue(puffery), and he can compare the advantages of his goods over the goods of others in order to fulfil the above two(comparative advertisement) but he cannot say that his competitors' goods are bad(disparagement) – this is slander/defamation which is not permissible.[xiii]

Comparative advertisement can be further divided into two forms, implicit and explicit. In implicit comparative advertisement there is no direct mention of the competitor's product however it is shown in such away so as to be clear to a reasonable person that the reference is being made of the product of the competitor. In contrast, explicit comparative advertisement contains direct reference to the product of the competitor.

CHAPTER IV OF ADVERTISING STANDARDS COUNCIL OF INDIA (ASCI)

Comparative advertising means advertising which identifies the goods or services of the other[xiv]. Chapter IV of the ASCI code deals with comparative advertising. It permits comparative advertising in "*the interest of vigorous competition and public enlightenment*", provided:

a) It should be clear from the advertisement as to what aspects of the products are being compared.

b) Choice of subject matter of comparison should not confer on the advertiser an artificial advantage.

c) Comparison should be capable of substantiation, should be factual, and should be accurate.

d) No likelihood that the consumer will be misled because of the comparison.

e) The advertisement should not unfairly discredit or attack or denigrate other products.

Furthermore, only in the case of like products, comparative advertisement is permissible. The material used in comparative advertisement should be verifiable, relevant and have representative features.

Common Law Tort of Disparagement:

To succeed at the action of tort of disparagement, the plaintiff has to prove three things[xv]:

a) Disparaging remarks were made by the defendants;
b) Intention of the defendant was to cause injure to the business of the plaintiff, knowing that the statement was false, or statement was made with reckless disregard as to whether the statement was true, and
c) Act of the defendant resulted into damage to the plaintiff.

Only if all these three steps are satisfied by the plaintiff, he will succeed in the action for tort for disparagement. Proving all these three factors is easier said than being done, for example, in the case of *Reckitt Benckiser (India) Ltd. v Hindustan Lever Limited*, though the plaintiffs were able to prove disparagement of their trademark, no damages for disparagement were awarded to them as they were not able to give evidence as to the amount of damages they have suffered, and the court stated that in the absence of any evidence of damages, it is not possible to quantify damages.

For cause of action to arise for tort of disparagement, it is not necessary that the trade mark should be registered. Both registered as well as unregistered trade mark proprietor can file suit for damages and injunction under tort of disparagement.

Section 27(1) of the Act states that "*no person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark*"[xvi]. So, the question arises as to whether this section prevents suit for the tort of disparagement. The answer to this question is no, as what section 27(1) prohibits is suit for infringement of an unregistered trade mark, but it does not prohibit suit for tort of disparagement, which is not a suit for infringement, but a suit for damages and injunction for belittling another's business, or goods or services (also known as injurious falsehood, slander of goods, trade libel[xvii]).

Hindustan Unilever Limited v Reckitt Benckiser India Limited[xviii]

The original petition was filed by Reckitt Benckiser (hereinafter referred as 'Dettol') against Hindustan Unilever Limited (hereafter referred as 'Lifebuoy'). It was alleged by Dettol that the advertisement of the Lifebuoy disparaged Dettol soap.

In the advertisement by the Lifebuoy, a couple is shown, wherein husband is wearing a white coat, usually worn by doctors to give an indication that the husband is a doctor. Wife proceeds to take a new soap to go and have a bath, the soap has a green coloured packaging, the soap is of orange colour, with the distinctive Dettol soap shape clearly visible. The husband cautions his wife against the use of that soap saying that "*dua ki jarurat hai iss dawake sath*" (you need blessings if you are going to use that medicine, i.e. the soap), and then proceeds to say that "normal antiseptic soaps make the skin dry leading to cracks in the skin thereby permitting the germs to enter the cracks in the skin while the Lifebuoy soap fights germs and keeps the skin protected, as it contains Glycerine and Vitamin E)".

Against this advertisement, an action for tort of disparagement was filed by Dettol. The first question decided by the court was whether the soap depicted in the advertisement was Dettol. The court observed that the green packaging of the shop, along with the orange color of the shop and the shape of the shop leaves "*absolutely no doubt*" that the shop shown in the advertisement is Dettol.

The test applied by the single judge bench in the original petition was that of "*average person with imperfect recollection*", where the group to be considered is that section of society which use Dettol soap, that is the disparaged product. However, the division bench held that the "viewpoint to be considered is that of the general public"[xix], and not just that group which uses the disparaged product, as the possibility of influence of the advertisement on potential users cannot be disregarded[xx].

On the question of disparagement, the court held that what is important is the manner of commercial, that is whether the commercial just shows one product better that the other without derogating other's product, or whether the commercial disparages other's product[xxi]. The court held that mere puffery is allowed, but disparaging other product is actionable. The statements which fall between puffery and disparagement are also actionable if a reasonable man would take the claim as serious and not just with the "large pinch of salt" or puffery[xxii]. The statement should lower the reputation "in the eyes of right-thinking men generally"[xxiii].

DISPARAGEMENT UNDER THE INDIAN TRADEMARK ACT, 1999

A suit for disparagement can lie under Section 29(8) of the Act if there is an infringement of registered trademark by advertising it in such a way that it "*takes unfair advantage*" or*" is contrary to honest practices in industrial or commercial matters"* or "*is against the reputation of the trade mark*".

An important point to note here is that resort to Section 29(8) can be taken only if the trademark is registered. If the trade mark is not registered, the plaintiff can sue for damages and/or injunction under the common law remedy of tort of disparagement.

Thus, a registered trade mark has an advantage over an unregistered trade mark, because unlike in case of tort of disparagement, when an action is brought by a registered trade mark under Section 29(8) of the Act, damages need not be proved by the plaintiff. Furthermore, intention or knowledge or the defendant, or his reckless disregard to the truth of the statement is also irrelevant in case where Section 29(8) of the Act is applicable.

Dabur India Limited v. Colgate Palmolive India Ltd.[xxiv]

The above case involved Dabur India Limited who were the producers of Dabur Lal Dant Majan and were the plaintiff in the above case, while the defendants were Coalgate Palmolive who were the manufacturers of the Coalgate tooth powder. The defendants in the present case came out with an advertisement in which they compared their product with "other" tooth powders. They also showed a container very similar in look to that of the plaintiffs and claimed that the "other" tooth powders are of low quality and can seriously injure the tooth enamel. It is to be noted here that the plaintiffs were the market leaders in tooth powder and had more than 80% of the market share and thus they sued Coalgate Palmolive.

The plaintiffs contented that the advertisement was directly targeting their product and since it was the largest player in tooth powder hence it would cause significant damage to them. The defendants contended on the other hand that the statement made in the advertisement was true, and truth is a valid defense for an action of disparagement. They also contended that the Plaintiffs product has not been mentioned in their advertisement.

The court observed that the plaintiffs have proved that the advertisement has caused disrepute to the goodwill of their trademark. They also held that although the advertisement does not specifically mention the plaintiff's product however generic disparagement is equally objectionable and since the plaintiff's control 80% of the market in this product range hence they stand to be severely affected by the advertisement.

The court found this reasoning in *Dabur India Limited v. Emami Limited*[xxv] wherein it was held that even if there is no direct reference to the plaintiffs product however since a reference was made to all 'chawanprash' in its generic sense hence disparagement can be assumed, and hence the court in the present case did not go in to the matter that Coalgate should drop the container from its advertisement as even without the container there would still be generic disparagement. The court also found that the truth could not be resorted to as a defense in the

instant case as both the parties had reports backing their claims and hence there was no surety as to the real truth. Accordingly, and with due regard to all facts and circumstances, the court passed an injunction order against the defendants and restrained them from airing the advertisement.

Havell's India Ltd. v. Amritanshu Khaitan and Ors.[xxvi]

The case was brought by Havell's India Ltd. for permanent injunction to restrain the defendant from disparaging the product of the plaintiff. Defendant in their advertisement compared their product, i.e. 'Everyday LED Bulb' with 'Havells LED Bulb', the plaintiff's product.

The court first defined as to what is meant by advertisement. It stated that advertisement 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 or services*"[xxvii]. The Advertising Standards Council of India (ASCI) code defines advertising as a "*paid-for communication- to influence the opinions or behaviour of those to whom it is addressed"*[xxviii].

The court observed that the object of Sections 29(8) and 30(1) of the Act is to allow comparative advertisement "*as long as the use of the competitors mark is honest*", i.e. whether the "*use is considered honest by member of a reasonable audience*"[xxix]. Furthermore, merely because the advertisement has not pointed out competitor's advantages, the use of the trade mark will not be considered dishonest, but the statements should not be confusing, misleading, defamatory or libellous.

Furthermore, it is implicit that there will be certain amount of disparagement in cases of comparative advertisement[xxx]. But consumers should not be misled by such advertisement. Misleading advertisements are those "*which deceive or have the potential to deceive the persons to whom it is addressed, and because of its deceptive nature, economic behaviour of the public is likely to be affected, or it injures or likely to injure a competitor"*[xxxi].

The court held that in the present case, the features are been compared in the advertisement does not mislead the consumers, when viewed from the eyes of an average consumer, who is accustomed to certain amount of rhetoric and hyperbole. The advertisement in question compares "a material, relevant, verifiable and representative feature of goods and services in

question", and thus the use of competitor's trade mark cannot be considered as dishonest (price and lumes-which is a measure of brightness, has been compared).

CONCLUSION

Comparative advertisement, as pointed out in the ASCI code, forwards the interest of vigorous competition and public enlightenment. But while comparative advertisement is allowed, disparaging other products under the guise of comparative advertisement is not allowed, even if the disparagement is of generic nature, and does not point towards a particular competitor's product.

As already discussed, in case of disparagement, damage and injunction can be prayed for either under the common law tort of disparagement, or under section 29(8) of the Trade Mark Act, 1999. However, if a claim is made under the tort of disparagement, it is necessary for the plaintiff of prove damages, which are not the case if relief is claimed under section 29(8) of the 1999 Act, which can be resorted to only in cases of registered trade mark. Thus, the seeking remedy under section 29(8) is more appropriate than seeking remedy under the common law tort of disparagement.

REFERENCES

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[iii] *Id.*, 1630.
[iv] Section 29(8) of the Indian Trademark Act, 1999.
[v] 2001 (5) SCC 73.
[vi] 1905 22 RPC 601 (HL).
[vii] Hindustan Unilever Limited v Reckitt Benckiser India Limited, ILR (2014) 2 Delhi 1288.
[viii] Reckitt & Colman of India Ltd. v. Kiwi T.T.K. Ltd. 1996 (Del. HC)
[ix] F. Beard, *Comparative advertising wars: an historical analysis of their causes and consequences*, Journal of Macromarketing, Vol. 30, No. 3, 2010, pp. 270-286.
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[xi] C.L. Beck-Dudley & T.G. Williams, *Legal and public policy implications for the future of comparative advertising: a look at U-Haul v Jartran*, 8 J. PUB. POL'Y M., pp. 124-142 (1989).
[xii] 1999 1 PTC 741.
[xiii] Reckitt and Colman of India Ltd. vs. M.P. Ramchandran and Anr.; 1999 1 PTC 741
[xiv] Article 2(2a), Advertising Directive of European Economic Community.2006.

[xv] Reckitt Benckiser (India) Ltd. v Hindustan Lever Limited, 151 (2008) DLT 650, though the decision on the question of damage was reversed in appeal to the division bench, whereby, the bench directed to pay Rs 20,00,000 as damages for disparagement.
[xvi] Section 27(1) of the Indian Trade Mark Act, 1999.
[xvii] Black's Law Dictionary, 9th edi., 2009, page 538.
[xviii] ILR (2014) 2Delhi 1288.
[xix] Tolly v Fry, 1931 AC 333.
[xx] Gillick v Brook Advisory Centres [2001] EWCA Civ 1263; Petra Ecclestone v Telegraph Media Group Ltd., 2009 EWHC 2779.
[xxi] Pepsi Co., Inc. And Ors. vs Hindustan Coca Cola Ltd. And Anr. 2003 (27) PTC 305 Del.
[xxii] De Beers Abrasive Products Ltd V International General Electric, 1975 (2) All ER 599; Havells v. Amritanshu Khaitan, 2015 (62) PTC 64 (Del).
[xxiii] Leetham v Rank (1912) 57 SJ 111; Byrne v. Deane [1937] 1KB 818
[xxiv] 114 (2004) DLT 373
[xxv] 112 (2004) DLT 73.
[xxvi] 2015 (62) PTC 64 (Del).
[xxvii] Article 2(1), Advertising Directive of European Economic Community.2006.
[xxviii] Supra 27, para 24.
[xxix] Supra 27, para 30.
[xxx] Colgate Palmolive Company & Anr. vs. Hindustan Unilever Ltd., 2014 (57) PTC 47 [Del].
[xxxi] Article 2(2), European Union Council Directive 84/450; Lidi SNC v Vierzon Distribution SA [2011] E.T.M.R. 6