COMPARATIVE ADVERTISEMENT AND CONSUMER PROTECTION IN INDIA

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Abstract

The abstract provides a comprehensive overview of the intricate relationship between comparative advertising and consumer protection within the framework of the Consumer Protection Act, 2019, in India. It delineates how comparative advertising, while potentially beneficial for consumers when conducted transparently, can also pose risks of misinformation and unfair competition. The abstract discusses the legal provisions outlined in the Consumer Protection Act, including definitions of unfair trade practices and misleading advertisements, aimed at safeguarding consumers from deceptive advertising practices. It highlights the role of regulatory bodies such as the Central Consumer Protection Authority (CCPA) and the Advertising Standards Council of India (ASCI) in enforcing consumer protection laws and ensuring compliance with ethical advertising standards. The abstract further explores judicial interpretations and landmark cases that have clarified the boundaries of fair comparative advertising, emphasizing the prohibition of product disparagement and the importance of truthfulness and fairness in advertising content. It addresses issues and challenges in the enforcement of consumer protection laws, such as resource constraints, lack of consumer awareness, loopholes in the legal framework, globalization of advertising, and limited regulation in business-to-business transactions.

Keywords: Comparative Advertisement, Consumer, Protection, misleading advertisement, Unfair trade practices

Introduction

In today's dynamic marketplace, where consumers are overwhelmed with a plethora of choices, the role of advertising stands as a pivotal factor influencing consumer decision-making processes. Trademarks, serving as guardians against consumer confusion regarding the origins of their purchases, place the consumer at the core of their protection mandate\(^1\). The Trade Marks Act of 1999 in India addresses trademark infringement issues arising from comparative advertising, aiming to ensure that advertisers promote their goods or services by highlighting superior quality through diligent product comparisons. However, this endeavor towards informed consumer choice can be impaired by deceptive practices if advertisers resort to disparaging competitors' products or engage in mere puffery, undermining the trust and confidence of consumers. Comparative

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\(^1\) Vijay Kumar Singh, “Competition Law and Policy in India: the journey in a Decade”, *4 N.U.J.S. L.Rev.* 523 pp
advertising emerges as a potential solution in this scenario, presenting consumers with product comparisons that empower them to make informed decisions amidst the abundance of options. Yet, the effectiveness of comparative advertising hinges on its adherence to principles of transparency and accuracy. While such advertising endeavors to showcase the unique selling points (USPs) of products, it also runs the risk of veering into product disparagement, a practice deemed unacceptable within legal jurisdictions like India. This evolving landscape of comparative advertising and consumer protection emphasizes the importance for businesses to navigate these fine distinctions effectively. Understanding the legal implications of comparative advertising, including its potential to infringe trademarks or engage in unfair trade practices, is paramount for businesses aiming to leverage advertising as a tool for competitive advantage. In this context, this study delves into the intricacies of comparative advertising vis-a-vis consumer protection, seeking to unravel the dynamics shaping consumer perceptions and behaviors amidst the evolving advertising ecosystem. Through a comprehensive exploration of legal frameworks, industry practices, and consumer responses, this study endeavors to offer insights that inform both regulatory reforms and corporate strategies, fostering a balance between competitive promotion and consumer welfare in the realm of comparative advertising.

Research Problem

Addressing the lacunae in comparative advertising regulation is crucial for enhancing consumer protection and promoting transparency in advertising practices. However, there is a gap in understanding the impact of these regulatory shortcomings on consumer perceptions and behaviors. This study aims to investigate the influence of inconsistent legal frameworks, insufficient consumer protection measures, potential for misleading information, and the need for a balanced approach on consumer trust, confidence, and purchasing intentions regarding advertised products. By examining these factors, the study seeks to provide insights into the necessary reforms and industry practices to improve the effectiveness and credibility of comparative advertising in India.

Comparative advertisement and consumer protection

The Consumer Protection Act, 2019, encompasses several provisions aimed at safeguarding consumers from misleading comparative advertising practices. Section 2(47) defines "unfair trade practices" as those which adopt unfair methods or deceptive practices for promoting the sale, use, or supply of goods or services. Comparative advertising that engages in false claims, denigration of competitors, or dissemination of misleading information may be deemed unfair trade practices under this provision. Similarly, Section 2(28) delineates "misleading advertisements" as those that falsely describe a product or service, provide false guarantees, or make false claims. Comparative advertising that misleads consumers about product attributes or quality can be categorized as a misleading advertisement, subject to consumer protection Act.

Moreover, the Consumer Protection Act enshrines various rights of consumers, including the right to be protected against marketing of goods and services that pose hazards to life and property, the right to be informed about the quality, quantity, potency, purity, standard, and price of goods or services, and the right to seek redressal against unfair trade practices. These rights empower consumers to make informed choices and seek recourse against deceptive advertising practices, including comparative advertising that infringes upon their rights.

Furthermore, the Act establishes consumer forums at the district, state, and national levels to adjudicate consumer disputes and provide speedy redressal to aggrieved consumers. Consumers can file complaints against

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2 Ibid
5 The Consumer Protection Act, 2019, § 2(47), No. 35, Act of Parliament 2019
6 The Consumer Protection Act, 2019, § 2(28), No. 35, Act of Parliament 2019
8 Karan Gandhi & Anurag, Competition and Comparative Advertising, 4 INDIAN LEGAL IMPETUS, 10 (2011).
misleading or deceptive advertising practices, including comparative advertising that violates consumer rights, with these forums for resolution. Adherence to these provisions is essential for maintaining ethical standards in advertising and protecting the interests of consumers in the Indian market.

Safeguarding Consumers: The Role of Consumer Protection Laws in Comparative Advertising

Comparative advertising has the potential to mislead consumers if advertisers make unsubstantiated claims or denigrate competitors' products unfairly. Consumer protection Act provides consumers with rights to accurate and truthful information about products and services, empowering them to make informed purchasing decisions. By enforcing these laws, regulators can hold advertisers accountable for any deceptive practices in comparative advertising.

Consumer protection Act typically includes provisions for enforcement mechanisms and remedies in cases of misleading advertising. Section 89 of the Consumer Protection Act stipulates that any manufacturer or service provider found guilty of disseminating false or misleading advertisements detrimental to consumer interests can face severe penalties. The law allows for imprisonment of up to two years and a fine of up to ten lakh rupees for the initial offense. Subsequent violations may result in even harsher penalties, including imprisonment of up to five years and a fine of up to fifty lakh rupees. This provision emphasizes the seriousness with which the law treats deceptive advertising practices and aims to deter manufacturers and service providers from engaging in such activities to protect consumer interests.

Regulators have the authority to investigate complaints, impose sanctions on violators, and provide remedies to affected consumers. In the context of comparative advertising, enforcement actions can deter advertisers from engaging in deceptive practices and protect consumers from potential harm. For this purpose The Consumer Protection Act, 2019, establishes the Central Consumer Protection Authority (CCPA) as a pivotal institution responsible for regulating matters related to consumer rights violations, unfair trade practices, and false or misleading advertisements detrimental to public and consumer interests. Section 10(1) of the Act mandates the establishment of the CCPA, empowering it to safeguard and enforce consumer rights on a broader scale. The CCPA is equipped with various mechanisms to address consumer grievances and ensure compliance with consumer protection laws, as outlined in subsequent sections of the Act.

Under Section 18(1)(c) of the Consumer Protection Act, the Central Authority is tasked with ensuring that no false or misleading advertisement is made for any goods or services, contravening the provisions of the Act or associated rules and regulations. Additionally, Section 18(1)(d) prohibits any person from participating in the publication of false or misleading advertisements. These provisions empower the CCPA to take proactive measures against misleading comparative advertisements that deceive consumers or unfairly undermine competitors.

Section 22(1) of the Act provides the CCPA with investigative powers to address violations related to consumer rights and unfair trade practices. Authorized officers, including the Director-General or District Collector, can conduct searches, seize relevant documents or evidence, and require individuals to produce records or documents. This empowers the CCPA to gather evidence against entities engaged in misleading comparative advertising practices.

Furthermore, Section 19(1) allows the CCPA to conduct preliminary inquiries upon receiving complaints or directions from the Central Government or on its own motion to determine whether there exists a prima facie evidence of violation of provisions of the Act.

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10 Shubhangi Goel, “Protecting Consumer Interests under Competition Law”, available at http://www.cci.gov.in
13 Ibid
case of violation of consumer rights or unfair trade practices. If a prima facie case is established, the CCPA can initiate a formal investigation, as outlined in Section 19(1). The investigative process is conducted in accordance with the provisions of the Code of Criminal Procedure, 1973, ensuring adherence to due process while addressing violations of consumer rights.

Therefore the Consumer Protection Act empowers the Central Consumer Protection Authority to address misleading comparative advertising effectively. Through its investigative powers, the CCPA can conduct inquiries, gather evidence, and take necessary actions to prevent unfair trade practices and protect consumer interests. The Act provides a robust framework for addressing violations related to misleading comparative advertising and ensures accountability among manufacturers, service providers, and advertisers.

Moreover the Advertising Standards Council of India (ASCI) plays a significant role in self-regulating the advertising industry in India. The ASCI's Code of Ethics sets standards for advertising content, including comparative advertising, to ensure that advertisements are truthful, honest, and not misleading. Consumers can file complaints with the ASCI regarding misleading comparative advertisements, and the ASCI can take action to address violations and protect consumer interests.

The Consumer Protection Act, along with relevant sections such as Section 2(28), serves as a crucial framework for safeguarding consumers from deceptive comparative advertising practices in India. By establishing clear guidelines and legal mechanisms, the Act empowers consumers to make informed choices and seek redressal for any losses or damages caused by misleading advertisements. Additionally, the establishment of the Central Consumer Protection Authority (CCPA) and the role of the Advertising Standards Council of India (ASCI) further enhance consumer protection efforts by providing avenues for investigation, enforcement, and self-regulation within the advertising industry. Through these combined efforts, consumers are better protected from deceptive practices, ensuring a fair and transparent marketplace for all.

**Judicial approach on consumer protection in comparative advertisement**

Comparative advertising has long been a strategy employed by sellers to attract consumers’ attention to their products, but it comes with inherent risks. Exaggerated claims and portraying competitors’ products negatively can mislead consumers and harm competitors. Courts have intervened to provide clarity on what constitutes fair comparative advertising and what crosses the line to product disparagement, thereby safeguarding consumer interests.

In the case of **Reckitt & Colman of India Ltd v. M.P. Ramachandran & others**, the defendant argued that the plaintiff’s product was not directly disparaged because the advertisement didn't explicitly name any competitor or showcase a specific product. Despite this, the Delhi High Court ruled that if the product being compared to belongs to a particular class of goods, any entity within that class could file a suit. This decision helped establish principles governing comparative advertising. Firstly, the court affirmed that advertisers could advertise their goods as the best, even if such claims were untrue. Secondly, manufacturers were granted the right to compare the advantages of their products over those of competitors. However, the crucial caveat emerged in the process of comparison, manufacturers or advertisers couldn't defame their competitors' products. This principle emphasizes the notion that while robust competition is encouraged, it shouldn't involve unfair attacks or misrepresentation of rival products.

The ruling further clarified the legal landscape surrounding comparative advertising. It stated that no action or suit could be initiated if the advertisement didn't amount to defamation of the goods in question. However, if defamation did occur, affected parties could seek damages and obtain injunctions through legal recourse. This balance between allowing for healthy competition while prohibiting unfair practices highlights the delicate line advertisers must tread in their marketing efforts.

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20 Reckitt & Colman of India Ltd v. M.P. Ramachandran & others 1999 PTC (19) 741 (Cal)
In landmark cases such as Pepsi Co. Inc. & ors. v. Hindustan Coca Cola Ltd21 and Procter & Gamble Home Products v. Hindustan Unilever Limited22, courts have emphasized that advertisers cannot denigrate competitors' products, even indirectly. They laid down tests to determine if an advertisement amounts to disparagement, considering factors like the intention, layout, and message conveyed. This ensures that advertisements remain truthful, fair, and not misleading to consumers.

The principle that emerges from these cases is that while advertisers have the freedom to promote their products as superior, they cannot do so by unfairly criticizing or misrepresenting competitors' offerings. This principle protects consumers from being misled into making uninformed purchasing decisions based on false or exaggerated claims.

Consumer protection is further enhanced through judicial scrutiny of comparative advertising. Courts have intervened to address instances where advertisements make false or misleading claims, such as in Colgate Palmolive (India) Ltd v. Anchor Health and Beauty Care Private Ltd.23 In this case, the court restrained the defendant from using misleading terms like "only" and "first," ensuring consumers aren't deceived about product attributes.

Moreover, courts have recognized the difference between puffery and denigration. While puffery involves exaggerated claims that are permissible to an extent, denigration crosses the line by unfairly disparaging competitors' products, as highlighted in Dabur India Limited v. Emami Limited. This distinction ensures that while advertisers can promote their products vigorously, they must do so without unfairly undermining competitors' offerings.

In recent times, amid the global pandemic, brands have continued to engage in comparative advertising. However, courts have remained vigilant in protecting consumer interests24. In this case, the court intervened to prevent the defendant's advertisement from disparaging the plaintiff's product, reaffirming the importance of maintaining fairness and truthfulness in advertising.

Comparative advertising, when executed properly and within regulatory frameworks, serves as a valuable tool for consumers25. It provides essential details about products, including analysis and comparisons with competitors, thereby empowering consumers to make informed choices in a competitive marketplace. In the wake of economic liberalization, consumers have been presented with s innumerable choices, and comparative advertising contributes to fostering healthy competition.

One of the primary benefits of comparative advertising is its role in highlighting product features and benefits, thereby aiding consumers in decision-making. When done transparently and backed by factual evidence, it can serve as a wake-up call for brands to improve their offerings. By showcasing the superiority of one product over another based on verifiable attributes, comparative advertising facilitates consumer attraction towards higher quality products, thus driving market efficiency.

However the absence of a comprehensive regulatory framework for comparative advertising poses significant risks to consumer interests. Without clear guidelines and enforcement mechanisms, consumers may be exposed to deceptive or misleading marketing practices that can lead to uninformed purchasing decisions and potential harm26.

One of the key concerns arising from the lack of regulation in comparative advertising is the potential for misinformation. Advertisers may make exaggerated claims or selectively present information to portray their

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23 Colgate Palmolive (India) Ltd v. Anchor Health and Beauty Care Private Ltd. 2009 (40) PTC 653
25 Supra Note 10
26 Supra Note 11
products in a favorable light compared to competitors. Without proper oversight, consumers may be swayed by these misleading tactics, leading to dissatisfaction with products that do not meet their expectations.

Moreover, the absence of regulatory oversight can result in unfair competition. Competitors may engage in aggressive comparative advertising campaigns that unfairly disparage rival products or make unsubstantiated claims about their superiority. This not only undermines consumer trust but also creates an uneven playing field where companies with larger advertising budgets or more aggressive marketing tactics may gain an unfair advantage.

In addition to misleading or unfair advertising practices, the lack of a regulatory framework for comparative advertising can also hinder consumers' ability to make informed choices. Without standardized rules for presenting comparative information, consumers may struggle to discern meaningful differences between products or evaluate the accuracy of comparative claims. This can lead to confusion and frustration, ultimately eroding consumer confidence in the marketplace.

Furthermore, the absence of regulatory oversight leaves consumers with limited recourse in cases of deceptive or unfair comparative advertising. While some countries may have consumer protection laws that prohibit false or misleading advertising, enforcement mechanisms may be inadequate or inconsistently applied. As a result, consumers may face challenges in seeking redress for deceptive advertising practices, further exacerbating the potential harm to their interests.

Under the Consumer Protection Act, 2019, consumers are entitled to accurate and truthful information about products and services. Advertisers are obligated to ensure that their comparative advertising is not misleading or deceptive. If comparative advertising is found to be false or inadequate, consumers have the right to file complaints and seek remedies such as refunds, compensation, or corrective advertising.

Moreover, regulatory bodies such as consumer protection authorities and advertising standards councils enforce guidelines and standards to ensure compliance with consumer protection laws. These bodies monitor advertising practices, investigate complaints, and take corrective action against advertisers found in violation of regulations.

**Issues and challenges of Consumer Protection Act, 2019**

While the provisions outlined in the Consumer Protection Act and the establishment of regulatory bodies such as the Central Consumer Protection Authority (CCPA) and the Advertising Standards Council of India (ASCI) represent significant steps towards safeguarding consumers from deceptive comparative advertising practices, there are several limitations and gaps in the current framework that need to be critically analyzed.

a. Enforcement of consumer protection laws faces persistent challenges despite the presence of regulatory bodies and punitive measures for non-compliance. One of the primary hurdles is the constrained allocation of resources to these regulatory bodies, which impedes their ability to effectively oversee and enforce consumer protection regulations. Insufficient funding, coupled with staffing shortages and inadequate infrastructure, limits their capacity to conduct thorough investigations, monitor compliance, and take swift enforcement actions against violators. As a result, regulatory agencies may struggle to respond promptly to consumer complaints and uphold the provisions of consumer protection laws, thereby compromising the protection of consumer rights. Bureaucratic inefficiencies further exacerbate enforcement challenges, prolonging the resolution of consumer grievances and enforcement actions. Complex administrative procedures, bureaucratic red tape, and hierarchical decision-making structures within regulatory bodies contribute to delays in addressing violations of consumer protection laws. Cumbersome processes and excessive paperwork hinder the efficiency of regulatory efforts, resulting in slow responses to consumer complaints and inadequate enforcement measures against offenders.

b. The lack of awareness among consumers regarding their rights under the Consumer Protection Act and the complaint resolution process presents a significant obstacle to effective enforcement of consumer protection laws. Without a clear understanding of their rights and avenues for seeking redress, consumers may be unaware of the recourse available to them when they encounter misleading comparative advertising or other deceptive practices. Consequently, instances of unfair treatment or deceptive advertising may go unreported, allowing violators to continue exploiting consumers without consequence. This lack of awareness perpetuates a cycle of misinformation and vulnerability, as consumers remain unaware of their ability to challenge deceptive advertising practices and hold businesses accountable for their actions. To address this issue, it is imperative to undertake comprehensive education campaigns and outreach programs aimed at enhancing consumer awareness. By providing consumers with clear and accessible information about their rights, including protections against misleading advertising, and guidance on how to file complaints with relevant regulatory authorities, these initiatives can empower consumers to make informed choices and take action against deceptive practices. Moreover, fostering a culture of consumer empowerment through education can help cultivate a more vigilant and informed consumer base, thereby creating a stronger deterrent against deceptive advertising and promoting fairer business practices in the marketplace.

c. Loopholes in the legal framework of the Consumer Protection Act can create challenges in effectively addressing misleading advertising practices. Ambiguities in the definition of "false or misleading advertisement" may provide leeway for advertisers to engage in deceptive practices without facing consequences, as interpretations of what constitutes misleading advertising may vary. Moreover, loopholes in enforcement mechanisms, such as inadequate penalties for violations, particularly for large corporations with substantial financial resources, may undermine the efficacy of deterrent measures. This can result in a lack of accountability for advertisers engaging in deceptive practices, ultimately compromising consumer trust and confidence in the regulatory framework. Addressing these loopholes requires comprehensive review and amendment of relevant provisions to ensure clarity, consistency, and adequacy of penalties, thereby strengthening the legal framework for combating misleading advertising.

d. The proliferation of digital advertising and the widespread use of e-commerce platforms have facilitated the global dissemination of advertisements, exposing consumers to marketing campaigns from international brands and businesses. However, this globalization of advertising presents significant challenges for regulators, as cross-border advertising operates within a complex landscape of differing legal standards and enforcement mechanisms across jurisdictions. Varying regulatory frameworks and cultural contexts may result in disparities in the treatment of misleading comparative advertising, making it difficult to ensure consistent protection for consumers worldwide. Coordinating regulatory efforts across jurisdictions is essential to effectively address the challenges posed by cross-border advertising. Establishing international frameworks and agreements that harmonize legal standards and enforcement procedures can help streamline regulatory processes and facilitate cooperation between regulatory authorities in different countries. Moreover, fostering collaboration among industry stakeholders, consumer advocacy groups, and government agencies on a global scale can enhance information sharing, best practices, and enforcement strategies to combat misleading comparative advertising effectively. By addressing the challenges inherent in cross-border advertising through coordinated regulatory efforts and international cooperation, regulators can better protect consumers in the global marketplace and uphold the integrity of advertising standards across borders.

e. The limited scope of regulation within the Consumer Protection Act presents a significant challenge when it comes to addressing deceptive practices in business-to-business transactions, particularly in the context of comparative advertising. While the Act primarily focuses on safeguarding consumer interests in business-to-consumer interactions, it overlooks the potential for deceptive practices and unfair competition in business-to-business exchanges. As a result, comparative advertising between businesses may still be susceptible to misleading tactics, despite the absence of direct consumer involvement. Extending the scope of consumer protection laws to encompass business-to-business transactions or

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29 Supra Note 20
30 Supra Note 5
31 Supra Note 9
introducing specific regulations tailored to address comparative advertising in such contexts is crucial to closing this regulatory gap. By doing so, regulators can ensure that businesses are held accountable for their advertising practices, regardless of the target audience, thus promoting fair competition and integrity in the marketplace.

**Conclusion**

In conclusion, the intricate relationship between comparative advertising and consumer protection highlights the need for robust regulatory frameworks and vigilant enforcement mechanisms to safeguard consumer interests in the dynamic marketplace. Comparative advertising, when conducted transparently and within legal boundaries, serves as a valuable tool for empowering consumers with information and promoting healthy competition among businesses. However, the absence of clear guidelines and enforcement measures can expose consumers to deceptive practices, misleading information, and unfair competition, compromising their trust and confidence in the marketplace.

The Consumer Protection Act, 2019, along with regulatory bodies such as the Central Consumer Protection Authority (CCPA) and the Advertising Standards Council of India (ASCI), provides a foundation for addressing deceptive comparative advertising practices. These legal frameworks empower consumers to seek redressal for misleading advertisements and hold advertisers accountable for their actions. However, persistent challenges such as enforcement constraints, lack of consumer awareness, loopholes in the legal framework, globalization of advertising, and limited scope of regulation in business-to-business transactions necessitate comprehensive reforms and collaborative efforts to strengthen consumer protection.

To enhance consumer trust and confidence, it is imperative to address these challenges through coordinated regulatory efforts, public awareness campaigns, legislative reforms, and international cooperation. By establishing clear guidelines, imposing stringent penalties for violations, enhancing consumer education, closing regulatory gaps, and fostering global collaboration, regulators can mitigate the risks associated with deceptive comparative advertising and promote fair and transparent business practices.

Ultimately, the effectiveness of consumer protection measures in the context of comparative advertising hinges on the collective efforts of policymakers, regulators, industry stakeholders, and consumers. By working together to uphold ethical standards, enforce regulations, and empower consumers with knowledge and recourse, we can create a marketplace where transparency, fairness, and integrity prevail, ensuring that consumers can make informed choices and trust the information provided to them.