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Comparative Commercial Advertising

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Received: **24/8/2015** **Accepted: 16/5/2016**

Introduction

Nowadays, advertising companies and firms try to establish a trade name which is superior to similar ones. In order to overcome their competitors in advertising campaigns, the firms have adopted new approaches. They use the best and newest marketing and commercial advertising methods to attract potential customers and consumers. Some advertisers use their competitors' trademarks, trade name, etc. to advertise their goods and services. This kind of advertisements which has increased considerably, is known as comparative advertising and makes it possible for consumers to compare the characteristics of different brands including the quality and price of goods and services and at the same time, in some cases may mislead consumers as to the source of goods and services and lead to unfair competition.

When companies initiate advertising, comparative advertising challenges including those related to intellectual property arise; therefore, the courts are faced with many questions: does using a competitor's brand or trademark in comparative advertising an infringement of its trademark rights? Is it possible to raise fair use defense against the trademark infringement claim? What rules govern comparative advertising in online environment? In the Unites States, comparative advertisement is used frequently. There are a plenty of legal and economical literature in this regard and a set of specific rules deal with this issue. For example, the Federal Trade Commission, in the 1979 declaration, defined comparative advertising and declared the conditions of its prohibition. In fact, until 1970 comparative advertising had not been dealt with considerably. But since then, the attitudes towards its legality changed and it was welcomed and used frequently. Bixby and Lincoln defined and explained comparative advertising in 1989 (Bixby & Lincoln, 1989). There are other literature in 1993 and 1998 reviewed in this paper (Barry, 1998). In the 20th century, more works were prepared in the United States. For instance, in 2000, Posner discussed comparative advertising and its relation to consumers' confusion (Posner, 2000). In recent years, the relation between comparative advertising and intellectual

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property has been raised.

In this paper, first are studied the concept and types of comparative advertising, then the rules applicable to such advertisements and finally, the relation between comparative advertising and intellectual property and its main example in this regard, i.e., trademark. The authors have tried to answer the above said questions under the legal systems of the United States, the European Union, India (as a developing country) and Iran.

Theoretical frame work

The Federal Trade Commission has defined comparative advertising as advertisement which, neutrally, compares commercial brands from the viewpoint of quantity, price, introducing by name, image or other distinct information. In simple terms, comparative advertising is a form of commercial advertising in which two or more brands of similar products of the same kind are compared from one or more characteristics of the product. Comparative advertisements compare the goods or services of a company to those of its competitors. This kind of advertising has been designed to highlight the advantages of goods and services offered by advertiser in comparison to those of a competitor.

Comparative advertising may take two forms: direct comparative advertising and indirect comparative advertising. Direct comparative advertising is where the messages encouraging the sale, illustrate the merit of advertisers products in comparison to specific products offered by the competitor recognized by a special name or trademark. In indirect comparative advertising, the relation between compared products is implicitly mentioned but it is not expressly declared that the brand used is compared.

Methodology

This paper, through a descriptive-analytic method, introduces comparative advertising from the perspective of a number of legal systems, namely: the United States as a pioneer in regulating comparative advertising, the European Union which has enacted a directive in this regard, India as a developing country whose experience can help with regulating such kind of advertisement in Iran.

Results & Discussion

In the European Union, directive 2006/114/EC on misleading and comparative advertising has, in certain circumstances, authorized comparative advertising. In India, comparative advertising has not been defined, but according to article 29 of Trade Marks Act 1999, commercial advertising must not contain unfair practices; therefore, comparative advertising may, in some way, be covered by the term unfair practices. In Iranian law, only in some scattered laws and regulations, comparative advertising has been referred to, which do not seem to be sufficient to meet the intellectual property rights holders' interests especially those of trademark holders, given the large volume of commercial advertising.

Conclusions & Suggestions

Some countries such as the United States have a strong set of rules applicable to comparative advertising both in traditional and online environments. In such systems, comparative advertising is allowed under certain circumstances. In Iran,

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despite scattered laws and regulations which have a limited scope or are restricted to contractual relations, there are no specific provisions dealing with comparative advertising or the possibility of infringing another's trademark in detail. Therefore, given the advantages of comparative advertising and at the same time, in order to prevent possible trademark infringement, it is necessary for the Iranian legislator to pay attention to this kind of advertising and enact new and specific rules regarding this issue and regulate comparative advertising by conditioning it to certain conditions.

Key Words: Comparative advertising, Intellectual property rights, Trademark, Fair use.

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