

Bills Committee on the Trade Marks Bill

Comparative Advertising

Introduction

This note sets out the rationale for legitimising “comparative advertising” under the Trade Marks Bill.

Background

2. Comparative advertising is advertisement in which a competitor’s trade mark is used by a trader to identify the competitor’s product for comparison purposes. At present, comparative advertising using a trade mark which has been registered in Part A of the trade mark register is an infringement, subject to minor exceptions involving the use of a company name. The position as regards marks registered in Part B of the register is uncertain as there is no definitive case law on the issue.

3. Despite the restriction, in practice, there is comparative advertising in a number of businesses, for example, among mobile phone service providers. It appears that this practice is accepted by trade mark owners in these trades.

Fair Comparative Advertising

4. Under the Trade Marks Bill, the use of a trade mark “which is otherwise than in accordance with honest practices in industrial or commercial matters shall be treated as infringing the registered trade mark if the use is without due cause and takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.” Provided the advertisement is honest, we consider that it is reasonable to allow product and service providers to inform consumers about the relative merits of

competing products. Against this background, the Trade Marks Bill has made provisions for fair comparative advertisement.

The Position in other Jurisdictions

5. The United Kingdom Trade Marks Act 1994 expressly permits comparative advertising. The provision therein is essentially the same as clause 17(7) in our Trade Marks Bill. The provision in the 1994 Act has been interpreted in a number of cases before United Kingdom courts. The approach taken by the courts has been consistent. Essentially, the test of honesty is objective. Honesty is determined by what is reasonably expected by the relevant consumers of the goods or services. An advertisement which is significantly misleading is not honest. The advertisement has to be considered in its context and as a whole.

6. Section 27(6) of Singapore's 1998 Trade Marks Act mirrors the United Kingdom 1994 Act provision. In Australia, comparative advertising was allowed even under its previous law, the Trade Marks Act 1955. Comparative advertising is also permitted in the US. There are safeguards in the US law against deceptive or unfair advertisement and advertisement that weakens the distinctive quality of the trade mark or disparages the mark.

Trade and Industry Bureau
November 1999