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INTRODUCTION

The purpose of this article is to analyze the evolution of the treatment of comparative advertising in Argentina's courts.[**] Argentina lacked, and still lacks, a statute that specifically regulates the subject matter. Therefore, courts are forced to apply norms about trademark law,[1] fair trade rules,[2] self-regulatory advertising,[3] and unfair competition[4] in order to establish the legal boundaries for comparisons of products or services provided by a competitor.

In the last four decades, more than fifteen decisions have progressively permitted comparisons of products, established clear standards and abandonded the strict rule that the mere mention of another brand constituted trademark infringement.[5] The aim of this paper is to expose which ideas and legal principles Argentine judges have begun to embrace in order to facilitate and clarify the legality of product comparisons in the competitive advertising process.

I. EVOLUTION OF ARGENTINA'S CASE LAW

What follows is an analysis of the most important comparative advertising cases decided in Argentina.[6]

** This article was originally written in Spanish and was translated by staff and editors of the Fordham Intellectual Property, Media & Entertainment Law Journal for the purposes of publication. The quoted material has all been translated into English.

1 *See* Law No. 22.362, Dec. 26, 1980 (Arg.), *available at* http://www.wipo.int /wipolex/en/text.jsp?file_id=209924 ("Law on Trademarks and Designations").

2 *See* Law No. 22.802, May 19, 1983 (Arg.), *available at* http://www.wipo.int/ wipolex/en/text.jsp?file_id=224922 ("Fair Trade Law").

3 *See Code of Ethics and Self-Advertising*, CONARP, http://www.conarp.org.ar/ codigo.htm (last visited Feb. 27, 2012).

4 *See* Paris Convention for the Protection of Industrial Property art. 10, Mar. 20, 1883, 21 U.S.T. 1583; CÓDIGO CIVIL art. 953 (Arg.) (applied by courts due to lack of a general law on unfair competition).

5 In some cases, the mere inference of a trademark, without even mentioning it, was considered trademark infringement.

6 Due to a lack of space, it is not possible to comment on all the relevant cases, but it is fitting to clarify that many were preventive measures where the issue of comparative advertising was considered extensively, or where the arguments were more factual than legal, or where general concepts on the subject matter were repeated without deepening or establishing new ideas. Therefore, I have excluded these cases from my analysis, only

A. *Relojes Rolex Argentina v. Orient*

This case pitted Rolex against Orient regarding an advertisement made for the watch "Orient" which used the name, brand, emblem, and photograph of the well-known watch

briefly mentioning and summarizing them in the conclusion so readers can extend their research if they so wish. These cases are: Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 30/06/2005, "Clorox Argentina S.A. c. Reckitt Benckiser Argentina S.A. s/medidas cautelares" Citar Lexis (7/15825) (Reckit Benckinser promoted their liquid stain-remover "Vanish" in an advertisement which stated, "not with lavandina because it damages cloth," showing a torn, discolored, and deteriorated tablecloth. The plaintiff promoted its product "Lavandina Activa" as bleach and alleged that the advertisement was disparaging its trademark and product; the injunction was denied.); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 14/6/2001, "Japan Tobacco Inc. y otro c. Massalin Particulares S.A.," La Ley [L.L.] (2001-E-596) (Arg.) (the defendant responded to an advertisement using English terms with an advertisement that contained a humorous tone and mocked the presumed American origin of the plaintiff's cigarettes, which were actually imported from Uruguay; the advertisement did not constitute unfair competition, nor did it disparage the competitor); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 19/04/2001, "Gougenheim S.A. c. Bimbo de Argentina S.A.," Jurisprudencia Argentina [J.A.] (2003-I-469) (fleeting use of a competitor's trademark in a television commercial; claim denied in both instances due to lack of trademark use); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 3 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 3], 27/9/2000, "Clorox Argentina S.A. c. Unilever de Argentina S.A.," Jurisprudencia Argentina [J.A.] (2001-II-327) (the product CIF from Unilever was compared to Clorox's bleach known as "Ayudin"; injunctive relief was originially granted, but revoked on appeal); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 2 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 2], 24/02/2000, "Unilever de Argentina S.A. c. Procter & Gamble Interamericas Inc.," Jurisprudencia Argentina [J.A.] (2001-II-318) (the defendant's advertisement compared the efficiency of Ariel cleaning products and soap in the form of tablets. There was no mention of the brand of products compared with Ariel. Skip, the plaintiff's product, was the only detergent soap in tablet form; an injunction prohibiting the commercial was granted); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 13/6/1996, "Demibell S.A. c. Deville S.R.L.," La Ley [L.L.] (1997-B-67) (Arg.) (a model who had appeared in Demibel advertisements for several years appeared in a new commercial for competitor Deville, stating ". . . now I use Deville . . . ." and "Deville is my new weakness;" it was determined that the advertisement did not constitute unfair competition, nor did it degrade the competitor).

"Rolex."[7] The intent of the advertisement was to introduce the new watch to the market by implying that it had the same level of quality as Rolex, while highlighting its lower price and longer warranty.[8] In other words, the advertisement compared Orient to Rolex. Relojes Rolex Argentina S.A. sued Orient and the advertising agency for damages allegedly derived from the advertisement.[9]

The Court of First Instance rejected the claim.[10] While the ad did not strictly fall under the trademark statute, the court found that the ad did violate article 953 of the Civil Code, governing unfair competition.[11] However, Rolex was unable to show any proof of damages because Rolex had neither engaged in a counter-advertising campaign, nor suffered a decrease in the sale of "Rolex" watches, and therefore the unfair competition claim was dismissed.[12] Moreover, Rolex's moral damages claim[13] was also rejected because Rolex had not specifically registered its brand or the use of its watches.[14]

The Court of Appeals affirmed the ruling with some modification.[15] For the Court of Appeals, this was an act of advertising contrary to honest commercial practices and good faith. The court ruled that, even though the dishonest practice itself did not generate the right to reparation without proof of damages, judges should be more lenient on the issue of damages because the

7 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 2, [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 2], 30/12/1971, "Relojes Rolex Argentina S.A. c. Orient S.A. y otro," Jurisprudencia Argentina Contemporary Section [J.A.] (1972-14).

8 *Id.* at Part 1.

9 *Id.*

10 *Id.*

11 *Id.* at Part 2.

12 *Id.*

13 The term moral damage is commonly used in civil law jurisdictions to "designate damage inflicted to interests or assets that are not patrimonial in nature." Saul Litvinoff, *Moral Damages*, 38 LA. L. REV. 1, 1 (1977). The typical examples of moral damages are pain and suffering for libel or slander, or due to identity theft, or reputational damages.

14 *Rolex*, at Part 2.

15 *Id*.

consumer deception is a very subtle element and very difficult to prove.[16] The court concluded that:

> [T]he mere act of having carried out comparative advertising carries the presumption that there is a damage caused by attracting customers and, therefore, one should refer to paragraph 165 of the Procedural Code[17] to determine the damages, since expecting a complete and detailed evaluation of the amount of damages is quite difficult.[18]

B. Bodegas Edmundo Navarro Correas v. Agro Industrias Cartellone

This case arose from a television commercial. The advertisement features two glasses in front of various bottles, the shapes, forms and colors of which signify specific renowned wines. The plaintiff's wine, Navarro Correas pinot noir, is shown, identifiable only by the shape of its bottle.[19] The camera moves until the two glasses are facing a bottle of Saint Valery (the defendant's wine), and they bow repeatedly, as if welcoming the new wine.[20] The commercial lasts forty-two seconds and aired on the country's most popular channels.[21] Navarro Correas sued, contending that the advertisement was illegal because a bottle depicting its wine was shown.[22] The plaintiff's bottle only

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16 *Id.*

17 The procedural code states that "when a decision of a judge orders the payment of a sum of money, interests and damages, the quantity will be established in liquid money or will at least establish the principals on which the liquidation will take place . . . . The ruling will determine the amount of the credit or the damages claimed, as long as their existence is legally checked . . . ." CÓDIGO PROCESAL CIVIL Y COMERCIAL DE LA NACIÓN [CÓD. PROC. CIV. Y COM.] [CIVIL AND COMMERICAL PROCEDURE CODE] art. 165 (Arg.).

18 *Relojes Rolex v. Orient*.

19 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1, [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 23/3/1991, "Bodegas J. Edmundo Navarro Correas S. A. c. Agro Industrias Cartellone S. A.," La Ley [L.L.] (1991-C-531) (Arg.).

20 *Id.*

21 *Id.*

22 *Id.*

appeared for a fraction of a second and it was impossible to clearly read the words written on it.[23]

The court rejected the claim.[24] The court held that the use of the mark was atypical[25] and therefore the commercial was legal.[26] It also ruled that the plaintiff's product was in no way disparaged and that it was impossible to identify the plaintiff's brands when the advertisement was played at normal speed.[27]

Judge Perez Delgado's opinion in this case created a rule that transformed the general principle of comparative advertising in Argentina. He pointed out that:

> [O]ne must distinguish between the use of another brand without authorization as if it is one's own from the mere reference or mention of said brand recognizing it is another owned brand, since, while in the first case there will always be an infringement of trademark rights, in the second it will depend on the circumstances of each individual case, since the reference to another brand can constitute a legitimate action when another's ownership is recognized and that the aim is not about disparaging or discrediting the other. . . . [T]he mere mention or evocation of another brand, or even of comparative advertising, is not in itself forbidden in our legal system, insofar as the legitimate rights of the owner[28] are not infringed upon. . . . [W]hat the law seeks to avoid is the exploitation of another brand, without the owner's authorization, to distinguish

23 *Id.*

24 *Id.*

25 *Id.* The theory of atypical use of a mark was not fully developed at that time. An atypical use of a tradmark is use that does not fit under the traditional contours of trademark infringement but can be considered legal or illegal depending on the circumstances. The theory was fully developed in 1999 with an article written by Guillermo Cabanellas. *See generally* Guillermo Cabanellas, *El Uso Atípico de Marca Ajena* [*Atypical Use of Another's Trademark*] in TEMAS DE DERECHO INDUSTRIAL Y DE LA COMPETENCIA 39–77 (Ernesto Aracama-Zorraquín ed.) (1999) (Arg.).

26 *Navarro Correas.*

27 *Id.*

28 *Id.*

> products and services. But these provisions, in my opinion, do not reach the hypothesis where these products and services are not identified with another brand, but instead are only used as a reference to the already existing products and services, such as the case we must examine here . . . .[29]

The judge then continued to clarify that "none of the owners' rights or legitimate interests are breached if another party merely shows the existence of their brand."[30] Applying these rules, the judge watched the commercial and reasoned that there was nothing degrading about the glasses (representing the consumers) bowing for the new wine as a sign of welcome, while not bowing towards other wines. The fleeting appearance, for a fraction of a second, of the plaintiff's wine could not constitute illicit trademark use.[31]

Judge Farrell joined judge Perez Delgado's opinion.[32] After watching the commercial several times—the way a consumer does (not frame by frame, as was proposed by the dissenting vote)—Judge Farrell admitted that, although the video can be subject to different interpretations, there was no denigration of the competitors' wines.[33] He stressed that the appearance of a new wine could involve possible sales that affect the sales of other wines, impairing them, but clarified that "this effect on the market is considered perfectly legal."[34]

Judge Craviotto's dissenting vote focused on the distinction between competitors in the video (whose identities could be distinguished if watched frame by frame)[35] and stated clearly that

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29 *Id.* In subsequent cases, mark-owning plaintiffs will try to prove violation of trademark law, unfair competition rules and ethical publicity standards to try to demonstrate that, in the challenged commercial, the line between the mere reference and explicit use of another person's trademark was crossed. Without a doubt, the holding of this case was a novelty for the trademark practitioner in Argentina who was accustomed to very few limitations on the property right in a trademark. In contrast to other legal systems, Argentine law still does not contain clear limitations on trademark rights.

30 *Id.*

31 *Id.*

32 *Id.*

33 *Id.*

34 *Id.*

35 *Id.*

comparative advertising was generally prohibited in Argentina, making the advertising in question illegal.[36] However, because the plaintiff could not prove the causal link between the unlawful ad and the decline in sales, the claim had to be dismissed.[37]

C. Axoft Argentina v. Megasistemas

Megasistemas controlled the distribution of the software "Tango," a property of Axoft, in 1989 and 1990.[38] When its commercial relationship with Axoft ended, Megasistemas published an advertisement during the main information technology fair in Buenos Aires, reporting that it would thereafter distribute the software "Stradivarius," which, according to the ad, was "simply superior."[39]

The ad's subtitle expressed that in 1990 they had presented "Tango" and that now in 1991, they were introducing

[36] *Id.* The dissent maintained that: "Comparative advertising is inadmissible in the present state of legislation—by itself, without injury to the competitor—because what is being challenged par excellence is the public consumers." *Id.* Despite its strong words and intense review of comparative law, the dissent did not cite any written law to defend this theory. This further highlights the need for more severe regulations.

[37] *Id.*

[38] Cámara Nacional de Apelaciones en lo Civil y Comercial Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 30/12/1993, "Axoft Argentina Inc. c. Megasistemas, Inc.," La Ley [L.L.] (1994-C-8) (Arg.).

[39] *Id.*

"Stradivarius," detailing a list of eighteen services the new program offered that the previous one lacked.[40] In small print, the advertisement clarified who owned each of the brands.[41]

Axoft sued, petitioning for cessation of the use of their brand and publication of the judge's decision in the same journal that published the ad.[42] The appellate court accepted the claim.[43] Judge Perez Delgado—this time with Judge Craviotto's agreement—recalled his vote in *Navarro Correas*, but clarified that the facts were different here.[44] His vote emphasized that the mere mention of another brand was not illegal as there was no slander, discrediting, or injury to the legitimate trademark right's owner;[45] such behavior would have been reprehensible because of the previous existing relationship between the parties and the inclusion of a direct comparison to the previous program.[46]

The court held that the defendant

> tried to spread the idea that their product was superior and had greater range, which in fact made it a misleading advertisement, since unilaterally and without the owner's consent to the use of the trademark they split the brand, highlighting only one of its applications and omitting another complementary one, that, had it been considered, would not have helped them to point out the weaknesses revealed in the advertisement.[47]

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40 Two columns compared the features of each program, such as whether it handled two currencies, whether it was multiuser, whether it had different ways of dealing with the different classes of taxes, etc. In each category, Stradivarius had a "yes" while Tango 3.2. always had a "no." *Id.*

41 *Id.*

42 *Id.*

43 *Id.*

44 *Id.*

45 *Id.*

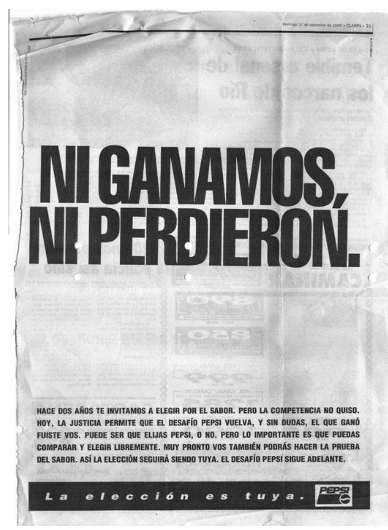
46 The Court referenced the regular correspondence between the parties, which proved that various aspects of Tango were omitted (which completed the functions that the advertisement omitted). Considering that in this case the defendant was the plaintiff's previous distributor and knew the software perfectly well, the omissions of the comparison were held to be deliberate and in bad faith. *Id.*

47 *Id.*

The court even made a reference to a non-binding statement of the Commission of Self-Regulating Advertising.[48] Addressing the same ad campaign, this private entity also decided against the plaintiff, maintaining that the challenged advertisement violated the Ethical Code of Self-Regulating Advertising and petitioned the agency that created the advertisement to cancel its airing.

D. Coca Cola v. Pepsi

This case pitted Coca Cola against Pepsi Cola in a comparative advertising claim involving a public taste-test.[49] Pepsi, in its "Pepsi Challenge" campaign, offered street audiences a taste of each company's product—without identifying either—at various places throughout Buenos Aires.[50] The taster revealed his or her selection by uncovering the bottle of the drink that the consumer preferred. The survey was recorded and later televised; known presenter Julian Weich explained the Pepsi Challenge, and then declared that the public had chosen Pepsi.[51]



48 *Id.*

49 Corte Suprema de Justicia de la Nación [CSJN] [National Supreme Court of Justice], 12/9/1995, "The Coca Cola Company c. Pepsi Cola Argentina / varios propieded industrial" (*Coca Cola IV*) La Ley [L.L.] (1995-E-338) (Arg.).

50 *Id.*

51 *Id.*

In subsequent commercial, without expressly mentioning Coca Cola, the same presenter stated: "due to rules that prohibit comparative advertising, we will not mention the brand, nor show the container of our competition. But it doesn't matter because you know which it is . . ."[52] Coca Cola initiated an injunctive relief action petitioning for the cessation of the Pepsi Challenge.[53]

The judge in the first instance found himself without jurisdiction. Instead of a trademark law claim, which would grant jurisdiction to the federal civil and commercial courts, the judge ruled that the issue was one of unfair competition because it focused on the advertising campaign.[54] Coca Cola appealed the decision. The Court of Appeals overturned the decision, finding that the court had jurisdiction to intervene in the case.[55] The Court of Appeals also decided on the injunctive relief requested, but not granted, in the lower court.[56] The Court of Appeals granted the request, "ordering [Pepsi] to immediately cease the advertising campaign known as Pepsi Challenge," including notices of any kind, survey stands, and posters.[57]

In discontinuing the Pepsi Challenge, the court maintained that Pepsi was conducting a "masked comparative ad" campaign; although Coca Cola was not expressly mentioned in the campaign, it obviously referred to Coca Cola, Pepsi's only competitor.[58] The campaign had used the brand Coca Cola to garner public support, "taking advantage of its notoriety, as a way of glorifying, through

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52 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala II [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 2], 22/10/93, "The Coca Cola Company c. Pepsi Cola Argentina" (*Coca Cola I*), La Ley [L.L.] (1994-C-3) (Arg.).

53 *See id.*

54 *Id.*

55 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala III [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 3], 01/11/1993, "The Coca Cola Company y otros" (*Coca Cola II*), La Ley [L.L.] (1994-C-6) (Arg.).

56 *See id.* The injunction decision was followed by a recusal motion by Pepsi's lawyers; the recusal was also denied.

57 *Coca Cola I.*

58 *Id.* ¶ 10.

the challenge, the superiority of its own product, in a clear example of comparative advertising."[59]

In the judges' opinion, the case presented an interference with or use of another party's trademark, removing the owner's exclusive control of the commercial image and ownership of the commercial message.[60] The Court twice relied on *Rolex v. Orient*[61] to illustrate a presumption of damages where, on the grounds of the second paragraph of Article 10*bis* of the Paris Convention for the Protection of Industrial Property, a direct or indirect use of another's brand may be illegal and contrary to honest practice in commercial matters.[62]

Faced with the injunction, Pepsi appealed to the Supreme Court.[63] The extraordinary appeal was granted, authorizing the continuation of the campaign. The Supreme Court granted the appeal because the Court of Appeals had decided on an issue that had not been decided by the Court of First Instance: the supposed unlawfulness of the advertisement at hand. On this ground, the Supreme Court vacated the judgment made by the Court of Appeals.[64]

Following the Supreme Court's ruling, Pepsi was free to continue the campaign. When the Pepsi Challenge started again,[65] Coca Cola requested another injunction, but was denied by the Court of First Instance because "granting the petition for injunction would imply prior restraint, forbidden by Art. 14 of the National

59 *Id.* ¶ 11.

60 *Id.* ¶ 12.

61 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 2, [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 2], 30/12/1971, "Relojes Rolex Argentina S.A. c. Orient S.A. y otro," Jurisprudencia Argentina Contemporary Section [J.A.] (1972-14).

62 Paris Convention for the Protection of Industrial Property, art. 10 *bis* (2), March 20, 1883 as revised July 14 ,1967, 21 U.S.T. 1583 ("Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.").

63 Corte Suprema de Justicia de la Nación [CSJN] [National Supreme Court of Justice], 12/9/1995, *Coca Cola IV* La Ley [L.L.] (1995-E-338) (Arg.).

64 *Id.*

65 Both companies moved the judicial duel to the media by publishing their perspectives on the case in the main newspapers of the country.

Constitution."[66] The Court of Appeals affirmed this decision without reaching the question of law, stating that the requisites for an injunction had not been met.[67] The Supreme Court denied the appeal.[68]

In the meantime, Coca Cola had begun a trademark lawsuit against Pepsi.[69] Coca Cola argued that its trademark was visible for a fraction of a second. It also argued that the shape of its bottle was a trademark. Coca Cola petitioned for the definitive cessation of the advertising campaign and requested that damages be awarded jointly and severally against Pepsi and the advertising agency.[70]

The Court of First Instance denied the claim. The judge concluded that the use of Coca Cola's trademark in this comparative advertising campaign was legal and that there was no bad faith in Pepsi's campaign;[71] the contested conduct was not unlawful, and therefore the advertising campaign was deemed legitimate.[72]

In reaching this conclusion, the judge stated:

> It is clear that at no point in time did Pepsi intend to distinguish its own product from that of the plaintiff, which is in fact prohibited by law. Therefore, what is being dealt with here is not the use of another person's trademark but its mention[;] although it was included, it was a mere insinuation,

66 Art. 14, CONSTITUCIÓN NACIONAL [CONST. NAC.] (Arg.) ("All the inhabitants of the Nation are entitled to the following rights, in accordance with the laws that regulate their exercise, namely: to work and perform any lawful industry; to navigate and trade; to petition the authorities; to enter, remain in . . . travel through, and leave the Argentine territory; to publish their ideas through the press without previous censorship; to make use and dispose of their property; to associate for useful purposes; to profess freely their religion; to teach and to learn.").

67 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 2, [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 2], Causa No. 7982, 15/9/1995, "Coca Cola Co. c. Pepsi Cola" (*Coca Cola III*) (Arg.).

68 *Coca Cola IV*.

69 *Id*.

70 *Id*.

71 *Id*.

72 *Id*.

> since the bottle that presumably belonged to the plaintiff appeared hidden in the television ads. However, for that reason in itself, even though it was not expressly mentioned, the mention *is implicit*, since there is no other widely known brew similar to that of the defendant other than the plaintiff's.[73]

By applying the holding of the *Navarro Correas* judgment,[74] the judge maintained:

> The reference to another person's trademark—even implicitly—is central to comparative advertising, which forms the basis of the complaint in this case . . . . But the issue with these types of ads transcends that which is infringement of trademark law, which leads to the conclusion that the campaign being examined by the plaintiffs did not undergo any unwarranted use of the trademarks registered by [Coca-Cola]. What drives us to the heart of the case is the question of whether we are in the presence of comparative advertising and the lawfulness or unlawfulness of this type of advertising.[75]

Afterwards, the judge cited the principle included in Art. 19 of the Argentine Constitution that "no one is obligated to do what the law does not order."[76] The judge deemed this principle applicable to legal entities as well as persons. In reviewing the laws potentially applicable to the case (commercial loyalty, the laws of unfair competition found in Paris Convention Art.10 bis, and the

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73 *Id.*

74 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1, [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 23/3/1991, "Bodegas J. Edmundo Navarro Correas S. A. c. Agro Industrias Cartellone S. A.," La Ley [L.L.] (1991-C-531) (Arg.).

75 *Coca Cola IV*.

76 Art. 19, CONSTITUCIÓN NACIONAL [CONST. NAC.] (Arg.) ("The private actions of men which in no way offend public order or morality, nor injure a third party, are only reserved to God and are exempted from the authority of judges. No inhabitant of the Nation shall be obliged to perform what the law does not demand nor deprived of what it does not prohibit.").

Codes of Ethics in Advertising), the judge concluded that "the so-called comparative advertising is not *mala in se* nor *mala prohibita*."[77] Citing existing case law (*Rolex*, *Navarro Correas,* and *Axoft*), the court concluded that comparative advertising is not legally prohibited in Argentina.[78]

> [L]egal comparative advertising, insofar as it does not degrade nor harm with false statements the products and services of the competition, does not fall under the sanctions of any legal provision. On the other hand, if this kind of advertising makes affirmations or deceptive omissions, this kind of conduct can be considered bad faith and incur the generic sanction of Art. 953 of the Civil Code, which covers acts that are considered impossible, illegal, contrary to general customs or prohibited by law, or that oppose the freedom of actions or infringe the rights of a third party.[79]

In this specific case, the judge concluded that there was no deceit because it was the consumer that chose the product, and many chose the plaintiff's, though a slight majority chose Pepsi. Neither the "street" version nor the televised commercial contained any content that was disparaging or libelous about Coca Cola. The judge reiterated that good faith is presumed and bad faith must be proven, and stated that in this case plaintiff did not prove bad faith.[80]

Finally, the judge commented that the defendant brought forth video evidence of a variety of ads that Coca Cola had used in the United States, often comparing its product with Pepsi's using comparative advertising.[81] The judge noted that Coca Cola's own

77 *Coca Cola IV*.
78 *Id.*
79 *Id.*
80 *Id.*
81 *Id.* These included commercials which showed Pepsi cans that were disintegrating and referred to Pepsi products sarcastically, alluding to their "sweet taste." One advertisement was set on a deserted island. A shipwrecked person saw a full bottle of Pepsi, opened and emptied it into the ocean in order to send a message and later saw bottles of Coca Cola arriving to the island, indicating that the person had requested Coca Cola in his message in the bottle. *Id.*

actions demonstrated that it did in other jurisdictions what it was trying to prohibit in Argentina.[82] Thus, under a sort of estoppel doctrine, Coca-Cola was precluded from blocking this kind of advertising in Argentina.

E. Procter & Gamble v. Clorox

This case examined comparative advertisements for cleaning products. The defendant, Clorox, had started an advertising campaign consisting of three commercials for "Trenet," a stain-removal product. Clorox's competitor, Procter & Gamble, stated that the announcements made by Clorox disparaged its own product, "Ariel," a line of laundry detergent.[83] Procter & Gamble also claimed that Clorox was using a similar format to the one it had used when promoting its own products: collecting testimonials from people presented as users of different cleaning products.[84] However, in one of Clorox's commercials a consumer interviewed declared that he would not purchase a soap when its commercial claimed that a stain-remover would be unnecessary.[85] This statement by the consumer was a clear reference to the plaintiff's detergent and Procter & Gamble urged that the ad implied that there would be a disappointing result if its detergent were to be used.

The case therefore considered the alleged disparaging comments made by Clorox about Procter & Gamble's Ariel detergent in Trenet's advertisements.[86] Although it was presented as a case of defamation, an implied comparison between products formed the basis of the claim.[87]

Procter & Gamble sought to cease the broadcasting of Clorox's advertisement because it disparaged the competitor by including the opinion of a supposed consumer who stated that he would not

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82 *Id.*

83 Javier F. Nuñez, *La Publicidad Comparativa, ¿ Se encuentra Prohibida en nuestro Derecho?*, J.A., 2001-II-320.

84 *Id*.

85 *Id.* (It was a clear reference to the advertisement of the plaintiff, but the defendant's response was that it merely said the opposite of its opponents).

86 *Id.*

87 *Id.* at § 3.

buy soap that was advertised as not needing any stain-cleaner.[88] The court granted the petition with respect to one of the commercial announcements to which the plaintiff objected and ordered the defendant to cease its broadcast.[89]

The court did not consider the defendant's intentions in creating the commercial to be determinative or even significant—what had to be examined was whether the advertisement could reasonably have been construed as degrading the plaintiff's products.[90] The court stated that the commercial contained a clear and specific reference to a detergent whose commercial mentioned that by using the detergent, stain-remover would be unnecessary. It was not, therefore, referencing just any detergent of the many that compete in the market, but was referring to the one that used this specific statement in its commercials. Therefore, the court affirmed the lower court's decision banning the commercial.[91]

The decisive factor for the lower court's decision was the defamatory quality of the commercial in question. To the lower court, the commercial clearly degraded the defendant's product when the interviewed person said that he would not buy detergent which claimed not to need any stain-remover because it specifically alluded to the unsatisfactory performance of the defendant's product.[92]

The court dismissed the plaintiff's other complaints, affirming the judge's decision to allow two other commercials.[93] After analyzing both of these commercials, the court concluded that: (i) given the common nature of the so-called testimonial format, its use by the defendant to advertise its stain-remover Trenet constituted neither an illegal act nor an act of unfair competition; and (ii) the mere mention of the ineffectiveness—or, at least, the

88 *Id.* at § 1.

89 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital], 4/10/2000, "Procter & Gamble Interamericas Inc. Sucursal Aregntina y otro c. Clorox S.A. / derecho industrial," Jurisprudencia Argentina [J.A.] (2001-II-320).

90 *Id.*

91 *Id.*

92 *Id.*

93 *Id.*

lack of absolute effectiveness of the detergent's ability to remove stains or dirt from clothing was insufficient to constitute defamation. "Day-to-day experience proves that at present there is no soap or detergent that is perfectly capable of removing all potential stains that a piece of clothing may have."[94]

Therefore, the other two commercials that did not specifically reference the defendant's advertisement did not reach the necessary requirements to be considered false or misleading. The court reasoned that nothing had been said relating to the effectiveness of Trenet; the statement that it must be used as a complement to detergent to remove stains does not qualify as defamation of all detergents, especially given that these other two advertisements did not specifically reference any of the numerous detergents in the market."[95]

F. *Kimberly Clark v. Procter & Gamble*

In this case, Kimberly Clark requested an injunction against Procter & Gamble's "comparative advertising campaign" used to promote its sanitary pads "Always Ultrafina con gel." The injunction was meant to order Procter & Gamble to immediately interrupt the undertaking, broadcasting, exhibition and publication of the advertising campaign by any means.[96]

The campaign consisted of placing stands in supermarkets with: i) an exhibition of signs in gondolas and dispensers with the phrase "Always ultrafina con gel—6 times* cleaner and dryer", clarifying later "*vs. other soft cloth pads"; ii) the inclusion of stickers in packs of products; and iii) taking tests or demonstrations with the customers of the supermarkets which compared the promoted product with other, "cheaper soft cloth pads," with the object of proving the alluded superiority of the product. The campaign also included a simultaneous television commercial and "inserts" in magazines and supermarket and pharmacy catalogs.

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94 *Id.*

95 *Id.*

96 Cámara Nacional de Apelaciones en lo Civil y Comercial [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital], 23/12/2003, "Kimberly Clark Argentina S.A. c. Proctor & Gamble Argentina S.A. / derecho industrial," Jurisprudencia Argentina [J.A.] (2003-1).

The graphic advertisements of the "inserts" in magazines and catalogs only stated: "6 times cleaner and dryer."[97]

In both instances, the requested injunction was denied.[98] The Court of First Instance declared that (i) the competitor's brand was not mentioned or alluded to in the advertisement and (ii) the procedural requisites for granting an innovative injunction were not met.[99]

When the case reached the Court of Appeals, the judges reiterated the exceptional nature of the innovative injunction[100] and stated that, following the doctrine established by the *Navarro Correas* case and its progeny,[101] one must distinguish between different uses of one's trademark.

> [U]se without authorization of someone else's trademark as if it were one's own from the mere allusion or mention of the trademark while using another, owned brand; while in the first situation there would be an infringement of trademark law, the second situation would depend on the circumstances of each case, since the reference to a trademark owned by another can be considered a legitimate action as long as it is recognized to be owned by another and the aim is not to disparage or discredit it.[102]

97 *Id*. at § 5.
98 *Id*. at § 1.
99 *Id*.
100 *Id*. at § 2. ("Innovative injunctions, given their special nature, require, in addition to the basic requisites for all injunctions, a fourth requisite, unique to this type, which consists of the possibility of an irreparable damage.").
101 *See* Cámara Nacional de Apelaciones en lo Civil y Comercial [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital], 30/12/1993, "Axoft Argentina S.A. c. Megasistemas S.A. / derecho industrial," La Ley [L.L.] (1994-C-8) (Arg.); Cámara Nacional de Apelaciones en lo Civil y Comercial [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital], 22/03/1991, "Bodegas J. Edmundo Navarro Correas S.A. c. Agro Industrias Cartellone S.A." L.L. 1994-C-8 (Arg.) (noting the similar opinion of Judge Perez Delgado found in both cases).
102 *See Navarro Correas*, at § XXI.

For the court, this advertising campaign did not use someone else's trademark, nor was one mentioned or referenced.[103]

The court concluded that no comparisons with a competitor's product had taken place to justify analyzing the existence of illegal comparative advertising.[104] Regarding the graphic advertisement in the "inserts" in magazines and catalogs indicating "6 times cleaner and dryer," the court determined that "such a phrase could at first glance be perfectly understood to be referring to the launch of a new "Always ultrafina with gel"; in other words, the new "Always" is six times more absorbent than the previous model of the same brand, but not necessarily any other product.[105] Regarding the asterisk leading to the phrase "vs. other soft cloth pads" inserted in the bottom part of the advertisement in small writing, the court declared:

> The phrase occupies a sufficiently minimal space in the design of the advertisement, in such a manner that it is, practically, not visible. As a matter of fact, it took a while for the members of this court to locate it, since it went unnoticed when read in the natural manner of flipping through these types of magazines presented as evidence.[106]

The same conclusion was reached with regard to exhibiting signs in gondolas and "dispensers" with the same phrase. The court referred to the photographs taken in supermarkets and declared that it was impossible to notice the phrase "*vs. other soft cloth pads" (which also appears in the supermarket stands).[107] Moreover, the court stressed two factors: (i) none of the products used by the promoters of "Always" for the comparison were owned by the plaintiff's company; and (ii) the promoters made no references to Kimberly-Clark's trademarks.[108]

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[103] *Id*.
[104] *See Kimberly Clark*, at § 9.
[105] *Id*. at § 5.
[106] *Id*.
[107] *Id*.
[108] *Id*. at § 6.

As for the television commercial, the court concluded that the segment of the ad including the product comparison "demo" with another sanitary pad lasted only six or seven seconds, making reading all the text that appeared on screen impossible.[109] The court noted that there was a simultaneous voice off screen, followed by images that evidently distracted the consumer's attention.[110] The court again focused on the lack of express reference made to the competitor in the television commercial:

> [T]he advertisement doesn't announce that the "Always" product absorbs 6 times better than the competitor's sanitary pads, but that it "absorbs 6 times more than you need to feel clean and dry." At no point in time, therefore, is there a specific or hidden mention of the products of the petitioner of the injunction.[111]

The court also rejected the claim that the statement made in the advertisement relating to the "six times better" absorption power could be considered deceitful. For the court, the determination of this fact, with the intent to prohibit the right of the defendant to advertise its products, clearly exceeded the limited scope of the injunction.[112] Hypothetically, the court added that the comparison

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[109] *Id*.

[110] *Id*.

[111] *Id*. The Court of Appeals clarified that:

> [T]he mention of "other soft cloth sanitary pads" in the different forms of advertising are so marginal that not only does it not hold up in a valid manner that we are dealing with a case of degrading and misleading comparative advertising, but that it is difficult to establish a concrete comparison that indeed are not done specifically with the products or trademarks of the plaintiff. Under these conditions, the Court considers that the challenged advertisement does not intend to degrade nor discredit the plaintiff's trademarks.

Id.

[112] *Id*. at § 8. The plaintiff brought a report made by a technical consultant to the court, which was made using techniques and materials provided by the plaintiff. Following the doctrine established in previous cases, the Court concluded that:

> [T]he pretense of trying to prohibit an advertisement on the basis of an alleged deceit to the consumers is inadmissible, especially considering it is based on a report made by an expert out of reach of the defendant and that the defendant was not even heard in court on the matter."

between products would exist if, beyond their distinct characteristics, they satisfied the same needs and had the same objective.[113] The court cited art. 3*bis* of the then Council Directive 84/450/EEC, modified by Directive 97/55/EC,[114] as an illustrative source for this affirmation. The ruling concluded with a summary of the jurisprudence on comparative advertising.[115]

G. *Quilmes v. Isenbeck*

This case concerned two beer manufacturers: Quilmes, with an 80% share in the beer market in Argentina, and Isenbeck, with approximately only a 7% market share.[116] In May 2004, one month before the Soccer World Cup, Isenbeck started a campaign of graphic and television ads, taking advantage of the fact that Quilmes was the official sponsor of the Argentine National soccer team but had just agreed to sell part of its holding company to the Brazilian consortium manufacturer of Brahma beer.[117]

Id.

113 *Id*.

114 Directive 97/55/EC, of the European Parliament and of the Council of 6 October 1997 amending Directive 84/450/EEC Concerning Misleading Advertising so as to Include Comparative Advertising, 1997 O.J. (L 290)

115 *Id*. at § 9.

116 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 14/6/2005, "Cervecería y Maltería Quilmes v. Casa Isenbeck" (*Quilmes III*), Jurisprudencia Argentina [JA] (2005 III 365).

117 *Id*.

In the campaign, Isenbeck offered one of their own bottles for free in exchange for two bottle caps, one of their own beer and one of their competitor's, Quilmes.[118] The special offer was accompanied by television ads that asked consumers to try both beers and compare the quality of the products. The television and magazine ads kept changing on a weekly basis due to the injunctions Quilmes was obtaining.[119]

Quilmes obtained two injunctions over a period of several weeks.[120] The first one ordered the removal of all advertisements in which Quilmes was mentioned in any way.[121] The court decided that the defendant lacked authorization by Quilmes to use the trademark in the questioned advertisement.[122] The injunction was based directly on art. 10*bis* of the Paris Convention, because international treaties have direct effect in Argentina.[123] In response to the injuction, Isenbeck decided to maintain its campaign (the exchange of a Quilmes bottle cap for a bottle of its own beer) and the advertisements with a slight change: Isenbeck replaced its competitor's name with a beep sound, in order to avoid using the trademark "Quilmes" in its advertisement.[124] In addition, Isenbeck aired some new advertisements.[125]

Responding to the slight change, Quilmes obtained a second injunction from a different judge. This one stated that the defendant had continued to use the Quilmes trademark in the advertisement on its website and that the mere substitution of the trademark with a sound (the beep) was inappropriate, given that

118 *Id*.
119 The complete TV ads can be seen at youtube.com by searching for the following: "Quilmes Isenbeck."
120 The two rulings were: Juzgado Nacional de 1a Instancia en lo Civil y Comercial Federal Nro. 6 [National Court of First Instance in the Civil and Federal Commercial Jurisdiction, number 6], 8/6/2004, "Cerveceria y Malteria Quilmes S.A. c. C.A.S.A. Isenbeck" *(Quilmes I)*, La Ley [L.L.] (2004-D-378) (Arg.); and Juzgado Nacional de 1a Instancia en lo Civil y Comercial Federal Nro. 8 [National Court of First Instance in the Civil and Federal Commercial jurisdiction, number 8], 16/6/2004, "Cervceria y Malteria Quilmes, Inc. c. C.A.S.A. Isenbeck" *(Quilmes II)*, La Ley [L.L.] (2004-D, 657) (Arg.).
121 *Quilmes I*.
122 *Id*.
123 Art. 75.22, CONSTITUCIÓN NACIONAL [CONST. NAC.] (Arg.).
124 *Quilmes II*.
125 *Id*.

the public already associated the brand with the commercial.[126] However, the Court declined to fine Isenbeck for not respecting the previous injunction, because no disciplinary measure or monetary fine was imposed in the first injunction in case of a failure to comply.[127]

Both parties appealed and the Court of Appeals issued an extensive ruling.[128] There were three main issues decided in this case. The first is related to the freedom of commercial expression and prior censorship. The second refers to the existing limits to the use of another owner's trademark, a central theme in all the cases of comparative advertising. The third details the normative guidelines drawn by the court to determine its legality or illegality. The court referred to the holding in the *Navarro Correas* case, considering it the starting point to determine whether legal comparative advertising exists.[129]

Regarding the freedom of expression, the court concluded that there was no conflict with prior censorship because the commercial had already aired and therefore nothing was prohibited beforehand.[130] However, the order imposed by the Court of First Instance was very broad as it prohibited future actions without analyzing these future commercials.[131] Based on a prior comparative advertising case, the court would not allow an extension of the injunction because it would have constituted prior censorship.[132]

Finally, regarding the guidelines used to judge comparative advertising, the court summarized previous cases and maintained that: (i) advertisements with commercial disparagement of competitors are inadmissible; (ii) advertisements containing

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126 *Id*.
127 *Id*.
128 *Quilmes III*.
129 *Id*.
130 *Id*.
131 *Id*.
132 *See* Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 14/6/2001, "Japan Tobacco Inc. y otro c. Massalin Particulares S.A.," La Ley [L.L.] (2001-E-596) (Arg.) (resolving a similar issue regarding the limits of the injunction).

falsehoods and showing bad faith are inadmissible; (iii) advertisements must compare, in an objective manner, one or more essential, pertinent, and verifiable characteristics that represent those goods and services; and (iv) there can be no room for confusion in the market between an advertiser and a competitor, or between trademarks, commercial names, other distinctive symbols, or the goods and services of the advertiser and those of any competitor.[133] The judges expressly justified this last statement by quoting the European Union Directive on comparative advertising.[134]

The *Quilmes* case was also litigated in criminal court. Quilmes filed a criminal complaint based on trademark infringement and unfair competition. The criminal judges in both instances, citing jurisprudence from the civil and commercial courts (especially *Navarro Correas*), maintained that one should distinguish between the use of another person's trademark as one's own and the mere reference (or use) of another person's trademark, and that the investigated conduct did not constitute a felony.[135] The felony charge provided in art. 31 of the Trademark Law was denied on the grounds that trademark use as defined in the statute had to be fraudulent (with the intent to deceive), an element not present in this case.

Finally, due to the new advertisements that Quilmes argued violated the injunctions, a criminal complaint was also filed alleging the felony of disobedience of a judicial order. The court dismissed the complaint,[136] holding:

> [W]hile it is true that the injunction was disobeyed in order to continue the advertisements, the actions that were taken were an exercise of the right to freedom of expression provided in art. 14 of the

133 *Quilmes III*.

134 *Id*. (*citing* Directive 97/55/EC, of the European Parliament and of the Council of 6 October 1997 amending Directive 84/450/EEC Concerning Misleading Advertising so as to Include Comparative Advertising, 1997 O.J. (L 290)).

135 *See Unfair Competition and Its Judicial Control*, *in* AD HOC 333–48 (Eduardo Favier Dubois & Guillermina Tajan eds., 2008) (containing the complete texts of the criminal cases discussed here).

136 *Id*.

> National Constitution and art. 13 of the American Convention of Human Rights. For this reason, granting the injunction would imply a state action of prior censorship since the prohibitive order would condition the exercise of the right by the party affected by the injunction.[137]

H. *Los Cipreses v. Lumary*

Los Cipreses S.A., a transportation company, sued Lumary S.A. for violating its trademark in a radio advertisement. Until Lumary entered the market, Los Cipreses was the only company offering passenger transportation across the River Plate between Argentina and Uruguay[138] under the trademark "Buquebus." The radio commercial featured the following conversation between an employee and a passenger:

> E: "Attention, we would like to inform you that the boat has been delayed again."
> P: "Again . . . Listen, we've been here since 7:30 in the morning, I can't believe this!"
> E: "Look ma'am, the ticket says it very clearly: the boat can be delayed 74 days without detriment to the company."
> P: "You know what . . . One day this monopoly of yours will end!"
> E: "Oh . . . Our monopoly will end (sound of laughter). . . Let's see, wait a moment while I put you on speaker. Carlos, listen to this . . . Let's see, ma'am, repeat that please, go on."

This conversation was followed by the voice of a commentator who announced: "Meet Colonia Express, a new high speed service to Uruguay aboard the most modern catamaran on the River Plate. Duty Free, Lounge bar and, most innovative of all, good customer service, because when we compete, you end up winning."

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[137] *Id*.

[138] Argentina and Uruguay are separated by the River Plate. *See* ERIN MCCLOSKEY, ARGENTINA 10 (2011).

The Court of First Instance dismissed the petition for an injunction, but the Court of Appeals reversed the decision and granted an injunction prohibiting the commercial.[139]

The judge in the Court of First Instance stated that the right to an injunction must be evident from the material contained in the records of the case file.[140] As a result, the lower court judge decided that, since the advertisement in question did not mention the name of the plaintiff's company, an injunction should not be granted.[141]

Following the doctrine established in the *Quilmes* case, the Court of Appeals determined that the grant of an injunction in these cases does not imply "prior censorship."[142] Next, the Court reviewed the previous opinions in comparative advertising litigation to summarize the jurisprudential position.[143]

The judges held that even though the trademark "Buquebus" was not specifically mentioned, the advertisement was clearly referring to it, as it was the only public transport operator existing between the City of Buenos Aires and Colonia, Uruguay. Therefore, it was plausible to infer that, upon hearing the advertisement, the general public would make the association with "Buquebus."[144]

Finally, the court noted that the advertisement in question was set in a "Buquebus" office, where employees of the company mocked and mistreated a hypothetical passenger.[145] The court concluded:

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139 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal District], 26/6/2007, "Los Cipreses S.A., c. Lumary S.A. / medidas cautelares," Jurisprudencia Argentina [J.A.] (2007-III-267).

140 *See id.* at ¶ 1.

141 Further, the judge took into account the fact that the report of the naval expert-witness regarding the characteristics of the defendant's catamaran could not be considered in proving the falsehood of the affirmation "the most modern catamaran on the River Plate." *See id.*

142 *See id.* at ¶ 5.

143 *See id.* at ¶¶ 5–6.

144 *See id.* at ¶ 8.

145 *Id.*

> [I]t is reasonable to infer the association the consumers would make with the plaintiff and, consequently, between this and the inconsiderate treatment of the client—with the unfortunate implications that derive from it—the act is prone to be detrimental to the legitimate rights of the owner of the referenced trademark—which turns out to be those of the unequivocally identifiable competitor—by trying to discredit it. Consequently, the conclusion must be reached that said advertisement—at first glance—does not satisfy the ethical standard included in art. 953 of the Civil Code and also violates—through unfair competition—art. 10 of the Paris Convention . . . and therefore does not constitute a legitimate activity.[146]

I. *Laboratorios Bagó v. Bristol Myers Squibb*

In an advertising campaign for certain medicinal products created with the drug enalapril, the pharmaceutical company Bristol Myers Squibb produced a pamphlet exclusively for doctors that included comparisons between its prices and those of other brands.[147] The pamphlet also stated that "Unlike those that charge you anything . . . Versalion charges fairly" and that the product Kinfil was "the best enalapril."[148]

The price comparison included a product belonging to Bagó Laboratories (Glioten, also created with the drug enalapril).[149] Bagó filed a claim requesting a cessation of the use of its trademark, contending that this form of comparative advertising

[146] *Id.*

[147] Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 2 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 2], 27/3/2009, "Laboratorios Bagó S.A. c. Bristol Myers Squibb Argentina S.R.L.," Jurisprudencia Argentina [J.A.] (20357/2009), at section I.

[148] *Id.*

[149] *Id.*

was illegal because it exceeded the limits established by the ANMAT[150] for the circulation of its products amongst doctors.[151]

The judge of the Court of First Instance determined that no prohibition included in ANMAT Regulation 4980/2005 had been violated and declared the claim unfounded, dismissed it and imposed court costs.[152] The Court of Appeals affirmed this decision.[153]

The Court of Appeals based its ruling on the following: (i) the defendant's promotional pamphlets were distributed exclusively to doctors (so no confusion could be inferred);[154] (ii) a phrase as general as "the most convenient enalapril" does not degrade or constitute an act of unfair competition;[155] (iii) comparative advertising does not abide by the trademark regime, ". . . but if the manner in which it is done respects commercial loyalty and does not cause a legitimate prejudice to a third party, it is hard to find a reason that could prevent its use (as long as it does not imply taking advantage of another person's trademark, without authorization) . . ."; [156] (iv) the fact that the defendant's advertisement includes a price comparison (mentioning the prices of each trademark) "constitutes an informational resource that does not deserve reproach since the information included is objective and exact . . .";[157] (v) supplying a table that contains a list of four products, with their market prices, and including one's own

[150] The ANMAT (National Administration, Medicine, Foods and Medicinal Technology) is the entity that regulates pharmaceutical and food products.

[151] *Id.* at 152 (since it was dealing with products sold with a prescription, the only advertising that is allowed is the one distributed to physicians, through the visiting doctors).

[152] *Laboratorios Bagó*, at § II.

[153] *Id.* at § III.

[154] *Id.*

[155] *Id.* at § IV.

[156] This was the opinion by Judge Vocos Conesa, writing for the majoirty ("In general terms, I am not an advocate of authorizing 'comparative advertising,' because experience dictates that, factually, it is common to use this procedure to praise the benefits of one product by taking advantage of the prestige of another. It is very rare—I have never seen it—that a prestigious and well known trademark product would fall back on this method because, truthfully, it wouldn't need to."). This is, however, a pretty absolute statement (which he later tempers) given the open evolution of comparative advertising. *Id.*

[157] *Id.* at section V.

product, with its brand name and price, in no way violates the rules of the Trademark Law;[158] and (vi) neither advertising technique constitutes excessive or abusive conduct that contravened the ANMAT regulations.[159]

J. Kimberly Clark v. Topsy (Procter & Gamble)

This case dealt with a campaign carried out in 1998 and 1999 by a baby diaper manufacturer. The campaign consisted of a live comparison of the absorption capabilities and longevity of its product ("Pampers Extra Sec") with those of the competition in stands placed in supermarkets.[160] In the demonstration, a diaper of the promoting company and one of the supposed competitor (even though the brand name was not shown) was used.[161] A blue liquid was poured on them to show the absorption and baby skin-protecting power, drawing attention to the fact that the diaper of the advertiser featured a patented substance called "dermacrem" that other diapers did not have.[162] Kimberly-Clark, manufacturer of the "Huggies Mimito Ultratrim" diaper, sued Topsy (later, also Procter & Gamble) and the advertising agency for illegal comparative advertising.[163]

In both instances the claim was denied.[164] The judge in the Court of First instance determined that the plaintiff lacked standing to act because it was not the registered owner of the trademark "Huggies." The judge added—following the *Navarro Correas* holding—that there had not been a use of another owner's brand as one's own, no deceptive acts towards the general public, and no actions that disparaged the product identified with the brand

158 *Id.*

159 *Id.*

160 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1, [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 24/09/2009, "Kimberly Clark Argentina S.A. c. Topsy S.A. y otro / cese de uso de marcas" *(Topsy II)*, (6042/1999) (Arg.).

161 *Id*.

162 *Id*.

163 *Id*.

164 *Id*.; Juzcado Nacional de Primera Instancia, no. 9, secretary 18 [1a Inst.], 9/10/2008, "Kimberly Clark Argentina Inc., c. Topsy Inc" *(Topsy I)* (Arg.).

"Mimito."[165] In his conclusions, the judge cited previous local comparative advertising cases and specifically mentioned European Directive 97/55/CE on comparative advertising to establish the legal framework applicable to the case.[166] Finally, the judge stated that the damages the plaintiff claimed to have suffered, such as deception of clientele and lost prestige to the brand image, had not been proven.[167]

The Court of Appeals affirmed the lower court's decision.[168] The court acknowledged that the plaintiff had standing because the appeal was grounded not only on the use of the trademark but also on illegal comparative advertising, which allows compensation for damages caused by an "act of unfair competition" and that does not require the ownership of the trademark.[169] However, regarding the question of law, the court noted that the campaign was designed without the clear identification of a specific competitor (the trademark of the diapers had been covered with black adhesive tape and no brand name was ever shown to the consuming public).[170]

The ruling resembles the holding of the *Navarro Correas* case, which clarified that advertisements are illegal when a lack of fair trade is present, when the advertisement has been proven to contain a falsehood, or when it can be misleading. None of these situations were present in this case.[171] Furthermore, the court specifically highlighted the fact that the experts demonstrated that the affirmations made by the defendant were true: the Pampers diaper contained an emollient substance that other products lacked.[172] Finally, the court alluded to the fact that it could not

[165] *Id.*
[166] *Id.*
[167] *Id.*
[168] Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1, [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 24/09/2009, *Topsy II*, (6042/1999) (Arg.).
[169] *Id.*
[170] *Id.*
[171] *Id.*
[172] *Id.*

prove the deception of clientele in a manner that could be considered illegal.[173]

K. The Gillette Company v. Energizer

This case concerned two battery manufacturers—Duracell and Energizer.[174] The advertisement published in major magazines depicted a group of six fantastical rabbits on one side—some of which were lying around, looking defeated—and on the other side, a battery with arms, legs, and the brand name "Energizer," which apparently won the tug-of-war competition between the rabbits and the personified battery. At the upper part of the ad, a statement read: "*Energizer. Lithium up to 6 times longer than Duracell*" and, underneath that, in smaller writing, clearer and centered it continued: "*common in digital cameras*."[175]

[173] *Id.*

[174] Similar battles between battery manufacturers have taken place in other parts of the world with different outcomes. *See* Energizer Holdings, Inc., v. Duracell, No. 01 C 9720, 2002 U.S. Dist. LEXIS 9313 at *1 (N.D. Ill. May 23, 2002); *Gillette Austl. Pty. Ltd. v Energizer Austl. Pty. Ltd.* [2005] FCA 1647 (Austl.); *Energizer N.Z. Ltd. v Panasonic N.Z. Ltd.* (unreported) High Court, CIV-2009-404-4087, 16 November 2009, Allan J (N.Z.).

[175] Cámara Nacional de Apelaciones en lo Civil y Comercial Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 26/03/2009, "Gillette Co. c. Energizar Arg. S.A. / incidente de apelación de medida cautelar" *(Gillette II)*, [IJ-XXXIII-484, at 7] (Arg.).

Duracell was granted an injunction which was later affirmed.[176] In granting the injunction, the Court of First Instance noted that the conduct of the defendant appeared to be "at odds with elemental moral laws of society."[177]

The Court of Appeals held that the challenged advertisement could possibly injure the legitimate rights of the owner of the trademark by trying to create the idea that the product of the defendant is superior, based on an "unacceptable" comparison (the allegory that the character of the plaintiff is defeated and that the batteries of the competitor "last longer"), so that the consumer cannot choose in a fully informed fashion.[178] It also restated that a specific advertising strategy is the manifestation of freedom of expression and is granted constitutional protection, although this protection does not exempt those that develop advertising campaigns from complying with trademark law and fair trade laws.[179] However, the court noted that comparative advertising is not considered illegal as long as (i) it does not injure the legitimate rights of the owner of the trademark it is referencing; (ii) the advertisement does not disparage or discredit the competitor's trademark; or (iii) it does not mislead the consumer.[180]

Regarding this case, the court clarified that the use of small writing did not function as a disclaimer related to the main phrase of the ad (which refers to the idea that the battery lasts six times longer than the plaintiff's) and concluded that "from the challenged ad there emerged no comparison with sufficient clarity that could not refer to homogenous products, in such a manner that the consumer can make a fully informed decision; in other words, the resulting impression is the comparison of equivalent

[176] Juzgado Nacional de Primera Instancia [1a Inst.] [National Court of First Instance], 16/12/2008, "Gillette Co. c. Energiza Arg. S.A., / incidente de medida cautelar" *(Gillette I)*, [12071/2008] (Arg.), *aff'd*, *Gillette II*.

[177] *Gillette I*.

[178] *Gillette II*, at 7 ("In such conditions, it is possible to conclude that the publicity objected to—in principle—is likely to injure the legitimate rights of the holder of the mark mentioned without authorization by trying to establish the idea that its product of is superior . . .").

[179] *Id.* at 5 ("However, a particular advertising strategy is a manifestation of the freedom of expression and gains constitutional protection.").

[180] *Id.*

products."[181] The court found support for its conclusions in European laws about misleading commercial publicity.[182] The court also noted that "Energito" is an emblematic character of the defendant's trademark and easily recognizable by the consumers that are the targets of the advertisement.[183]

II. THE EVOLUTION OF ARGENTINE CASE LAW

A comparison of the cases from the 1970s with more recent cases shows that the Argentine courts have been leaving behind a formerly strict criterion of Trademark Law that prohibited the use of someone else's trademark, and are instead choosing to lean more strongly on principles of unfair competition. This evolution demonstrates how the principles of European Union Law and the EU Directive that specifically regulates the subject matter have begun to filter into judicial decisions;[184] the last five cases specifically cite European Community Law.[185]

Of the seventeen resolved cases in Argentine jurisprudence, only eight were trials that ended with firm rulings on the question

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[181] The Court specified that:

> [T]he integral observation of the described advertisement shows that the clearly dominant portion of the text mentioned is in the forefront, given the typography, size and placement. In effect, contrary to what is maintained by the appellant, in terms of the general consumer—to whom the advertisement is obviously targeted—what is of smaller size and highlighted less acquires less importance.

Id. at 7.

[182] *Id.* ("Consequently, the notice in question does not provide sufficient clarity that the comparison is not between homogenous products such that the consumer can make a fully informed choice.").

[183] *Id.*. Unlike their American campaigns, in Argentina Energizer uses a humanized battery as a mascot, while Duracell uses a pink bunny as a mascot.

[184] The sources of these judicial rules are art. 10 of the Paris Convention, art. 953 of the Civil Code, and art. 3*bis* of the European Directive on Comparative Advertising.

[185] In addition to citing the Directive on Comparative Advertising in some cases, a reference has been also made to the then draft Directive on unfair commercial practices. This Directive was finally approved in the year 2005 and does not specifically deal with comparative advertising, but does deal with deceptive trade practices. *See* EU DIRECTIVE 2005/29/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, Of Journal. 11.6.2005.

of law.[186] Of those eight cases, six denied the existence of any illegal activity and only two ruled that there had been an abuse, by degrading the competitor (*Axoft v. Megasistemas*) or because the advertisement simply did not pass the ethical standard contained in art. 953 of the Civil Code and the rules about fair trade or unfair competition (*Rolex v. Orient*). Of the injunction cases, nine prohibited comparative advertisements, but three of these were overruled on appeal.[187]

All of the cases depart from the clear distinction established in *Navarro Correas* between the mere reference (or descriptive use) of another person's trademark and the use of a competitor's trademark that infringes trademark law. In some way, the *Navarro Correas* decision validates the use of distinguishing signs and symbols of a competitor, as long as it does not violate trademark law, achieving the effect that in practice the limits of said uses are imposed by the unfair competition regulations: prohibiting defamatory, disloyal, subjective, and bad faith uses.

The rulings after the *Navarro Correas* case went on to specify and determine when these requirements were met. In this manner, Argentine jurisprudence—due to lack of written law—has over time been creating and applying rules about unfair competition to regulate comparative advertising.

The rules established by the Courts can be summarized in the following manner:

1. *Comparative advertising is not illegal*. The mere act of using another person's trademark is not illegal *per se* if it is referenced as the trademark of said person.[188]

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186 The others only dealt with the issue of injunctions. It is difficult to compare injunctive rulings with final rulings on the merits, because the legal analysis is richer in cases that reach the merits.

187 In *Coca Cola v. Pepsi*, this was for procedural reasons, so the Surpreme Court did not reach the merits. Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala II [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 2], 22/10/93, "*Coca Cola I*", La Ley [L.L.] (1994-C-3) (Arg.).

188 Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1, [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 23/3/1991, "Bodegas J. Edmundo Navarro Correas S. A. c. Agro Industrias Cartellone S. A.," La Ley [L.L.] (1991-C-531) (Arg.).

2. The trademark *must be clearly mentioned in the advertisement* to be illegal. If the competitor's trademark doesn't appear mentioned, then there is, in principle, no comparative advertising.[189]

3. The *fleeting appearance of a trademark* in a commercial would not imply a trademark use.[190]

4. In some cases *the reference to a competitor can be inferred* when there is no doubt as to the identity of the competitor in the market, because it is a notorious fact or by a suggestive mention made in the commercial or in its context.[191]

[189] *Navarro Correas*; Cámara Nacional de Apelaciones en lo Penal Económico de la Capital Federal, sala A [CNPenal Económico] [National Court of Economic Criminal Appeals of the Federal Capital, courtroom A], 13/04/2011, "Grupo Bimbo Sociedad Anonima de Capital Variable S.A. y Compañía de Alimentos Fargo S.A. s/ Infraccíon a La Ley 25.156," (Causa No. 61.184 Folio No. 012 Orden No. 26.993) (Arg.); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 13/6/1996, "Demibell S.A. c. Deville S.R.L.," La Ley [L.L.] (1997-B-67) (Arg.); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 3 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 3], 27/9/2000, "Clorox Argentina S.A. c. Unilever de Argentina S.A.," Jurisprudencia Argentina [J.A.] (2001-II-327); Juzcado Nacional de Primera Instancia, no. 9, secretary 18 [1a Inst.], 9/10/2008, "*Topsy I*" (Arg.); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 30/06/2005, "Clorox Argentina S.A. c. Reckitt Benckiser Argentina S.A. s/medidas cautelares" Citar Lexis (7/15825); Cámara Nacional de Apelaciones en lo Civil y Comercial [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital], 23/12/2003, "Kimberly Clark Argentina S.A. c. Proctor & Gamble Argentina S.A. / derecho industrial," Jurisprudencia Argentina [J.A.] (2003-1).

[190] *Navarro Correas*; Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 19/04/2001, "Gougenheim S.A. c. Bimbo de Argentina S.A.," Jurisprudencia Argentina [J.A.] (2003-I-469).

[191] *Coca Cola v. Pepsi* (presumption that the covered up bottle in Pepsi's commercial was Coca Cola's); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 2 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 2], 24/02/2000, "Unilever de Argentina S.A. c. Procter & Gamble Interamericas Inc.," Jurisprudencia Argentina [J.A.] (2001-II-318) (reference made to a bar of soap unique in the market); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 14/6/2001, "Japan Tobacco Inc. y otro c. Massalin Particulares S.A.," La Ley [L.L.] (2001-E-596) (Arg.) (emerging from a previous advertisement and the content to which the competitor's advertisement refers); *Los Cipreses v. Lumary* (Buquebus was the sole competitor with ferries crossing the River Plate); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital

5. What the law forbids *is the use of a third party's brand as if it was one's own,* but it does not prohibit use in order to compare products.[192]

6. An advertisement must not *try to disparage or discredit the trademark of a competitor*, be deceitful, or spread or allow the inference of falsehoods.[193]

7. There is *no defamation* in phrases that make general or true statements or actions in which the consumer chooses.[194]

Federal [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital], 4/10/2000, "Procter & Gamble Interamericas Inc. Sucursal Aregntina y otro c. Clorox S.A. / derecho industrial," Jurisprudencia Argentina [J.A.] (2001-II-320) (an interviewed consumer made a reference to no longer buying the detergent which he specified by its unique advertisement); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 14/6/2005, "*Quilmes III*", Jurisprudencia Argentina [JA] (2005 III 365) (replacing the brand "Quilmes" with a "beep" in the commercial is insufficient); *Gillete v. Energizer* (the rabbits in the commercial represented the well known Duracell mascot).

192 *Navarro Correas*.

193 Cámara Nacional de Apelaciones en lo Civil y Comercial Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 30/12/1993, "Axoft Argentina Inc. c. Megasistemas, Inc.," La Ley [L.L.] (1994-C-8) (Arg.) (comparing only certain characteristics and fraudulently omitting others of the plaintiff's software that the defendant knew due to being its previous distributor for several years); *Procter & Gamble v. Clorox* (an interviewed consumer stated in an advertisement that purchasing the soap whose ads say it will be unnecessary to use stain removers will no longer be required); *Quilmes v. Isenbeck* (a reference to the idea that the competitor's beer is not 100% beer); Juzgado Nacional de Primera Instancia [1a Inst.] [National Court of First Instance], 16/12/2008, "*Gillette I*", [12071/2008] (Arg.), *aff'd*, Cámara Nacional de Apelaciones en lo Civil y Comercial Federal, sala 1 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 1], 26/03/2009, "*Gillette II*", [IJ-XXXIII-484, at 7] (Arg.) (the mascot of the defendant appears defeated by the rabbits of the plaintiff).

194 *Demibel v. Deville* (famous model states in a new commercial that she now uses a new brand of underwear after being the competition's model for several years); *Coca Cola v. Pepsi* (consumers taste drinks in street stands and then share the results); *Procter & Gamble v. Clorox* (the mere mention of the insufficiency of the soaps or detergents to remove stains is not degrading); *Gougenheim v. Bimbo* (saying "Bimbo is very fresh" is not degrading to "Fargo, the bread of day"); *Japan Tobacco v. Massalin* (saying that the plaintiff's product is from a specific country is not defamatory); Cámara Nacional de Apelaciones en lo Civil y Comercial de la Capital Federal, sala 2 [CNCiv. y Com.] [National Court of Civil and Commercial Appeals of the Federal Capital, courtroom 2], 27/3/2009, "Laboratorios Bagó S.A. c. Bristol Myers Squibb Argentina S.R.L.," Jurisprudencia Argentina [J.A.] (20357/2009) (reference included in a pamphlet to "the best," "the most convenient enalapril," "the number one," is not degrading to the competitor's product, just as comparing prices is not illegal).

8. Only when there is *bad faith* is comparative advertising illegitimate, but to prove bad faith a falsehood must be accredited in the advertisement.

9. In addition, the confrontation must be between homogenous products and characteristics, while also being true and fair, which requires that it be executed in equal conditions for all products subjected to the comparison.

10. The advertisement has to objectively compare one or more essential, pertinent, and verifiable characteristics that represent those goods and services. There can be no room for confusion in the market between the advertiser and a competitor; or between trademarks, trade names, or other distinguishable symbols or signs; or between the goods and services of the advertiser and those of a competitor.[195]

CONCLUSION

In Argentina, there are clear jurisprudential rules based on unfair competition law. If in some manner an advertisement is proven to be unfair or exceeds ethical standards by hiding the truth or omitting some essential aspect of the comparison, it is probable that an injunction will be granted and that the plaintiff will be able to obtain a final decision declaring the advertisement illegal.

By following the requirements of the European Union Directive on comparative advertising and other international precedent, Argentine courts have developed standards very similar to European regulation. The judges seemingly wished to validate the judicially-created rules with some external source of codified law. The general holdings of the Argentine courts are consistent with similar conclusions reached elsewhere indicating the existence of a universally accepted principle that comparing products in commercial advertisements should be lawful.

[195] *See* Council Directive 97/55, 1997 O.J. (L 290) (EC).