

Full title of law or regulation	Law 3/1991 on Unfair Competition
Title of relevant section	Article 10 Law 3/1991 – Acts of Comparison ¹ (Article 22 – Comparisons - Autocontrol's General Code of Advertising Practice – reflects Art. 10 – provisions in italics after legislative text)
Article 10	<p>Public comparison, including comparative advertising by means of an explicit or implicit reference to a competitor, is allowed if the following requirements are met (<i>Art. 22: Autocontrol Code: Direct or indirect, comparative advertising, shall respect the requirements listed below</i>):</p> <p><i>Comment:</i> 'comparative advertising' is advertising that expressly or implicitly <u>identifies</u> a competitor or a competitor's product or service. Irrespective of whether such references are explicit or implicit, they should be unmistakable.</p> <ul style="list-style-type: none"> - Resolution of the Plenary Session of the Autocontrol Jury of 22/06/2011². Case: Procter & Gamble España, S.A. vs. Henkel Ibérica, S.A. ("Mistol Power Crystals")- <p>TV commercial for Mistol – showing the advantages of the product against traditional washing up liquids ("<i>lavavajillas tradicionales</i>") – which were presented in a bottle with a green liquid. It was held that this did not constitute an explicit or implicit reference to fairy, as there are a number of washing up liquids on the market which are green – so the competitor could not be identified.</p> <ul style="list-style-type: none"> - Resolution of 3rd section Autocontrol Jury of 25/03/2013³ Case: Johnson's Wax Española, S.A. vs. Reckitt Benckiser España, S.L.U. ("Airwick Freshmatic") <p>Johnson's Wax claimed that its product was identifiable via the colour and shape of the aerosol cap in the advert. The Jury deemed that it was not an implicit reference to Johnson's Wax – the test was whether an "average consumer, reasonably well informed and reasonably observant and circumspect would identify a comparison with the claimant's brand. Version of the ad in English: https://youtu.be/sKbj7pa1_f8</p> <p><i>Comment:</i> An explicit reference is where a competitor's name or trademark is expressly mentioned - which rarely happens in Spain.</p> <p>An example of an implicit reference can be found in a decision by the Autocontrol Jury in July 2006⁴. The case was part of an ongoing battle between Grupo Leche Pascual and J García Carrion. The advert in question showed a blind tasting between two brands of bottled fruit juice: one was Pascual's and the other was contained in a bottle with a green cap – García Carrion is the only other market leader to bottle its juice this way. The Autocontrol Jury held that this constituted implicit comparative advertising.</p> <p>Supreme Court judgment of 22nd February, 2006⁵ (Sentencia del Tribunal Supremo – STS no 130/2006; Case RJ 2006/828; RJ = Law Report - Repertorio de Jurisprudencia) held that an advert for Engel SA was "unmistakably" referring to its rival competitor, "El Corte Inglés" in the following message: "in fragrances and perfumes the new Corte falls short of the mark... given the big reductions that have always been a part of Cañellas perfume store" The original Spanish version included the words 'Corte' ('cut') with a capital 'C', 'corto' ('short') and 'recorte' ('reduction', 'cut down'), all references to El Corte Inglés (literally meaning 'The English Cut').</p>

¹ Which incorporated via Law 29/2009 the provisions from Art. 4 Directive 2006/114/EC; For reference: Law 39/2002 of 28/10/2002 – Chapter 3, Article 9 – implemented CAD (Directive 97/55/EC, later codified as 2006/114/EC) into General Advertising Law 34/1988 – inserting Art. 6bis; this Article was then deleted by Law 29/2009, of 30/12/2009 which integrated the provisions into Law 3/1991 on Unfair Competition.

² http://www.gregsregs.com/downloads/SPCompAdadjProcter_GambleVHenkelIbericaES.pdf

³ Confirmed by plenary session: <http://www.gregsregs.com/downloads/SPCompAdvadjJohnsonsWaxEspa%C3%B1olaES.pdf>

⁴ <http://www.gregsregs.com/downloads/SPCompAdvadjGarc%C3%ADaCarri%C3%B3nVsPascualIadvertisingES.pdf>

⁵ <https://supremo.vlex.es/vid/competencia-desleal-publicidad-comparacion-20367502>

Comment: Re "Following requirements are met..." This means that only if all of these conditions are fulfilled, will comparative advertising be lawful. Otherwise it will be deemed an act of unfair competition and open to actions for unfair competition under Art. 32 Law 3/1991 which include cessation of the unfair conduct (2a), the rectification of deceptive, incorrect or false information (4a) or the compensation for damages and losses caused by such unfair conduct if there is culpability or negligence (5a). Under Article 217.4 of Law 1/2000 of 7 January, on Civil Procedure (or Rule 23 Autocontrol General Code of Advertising), the burden is on the defendant to prove the accuracy and veracity of the indications and statements made in the advertisement.

a) The goods or services compared must have the same purpose or meet the same needs
(*same provision in Art. 22a AC Code*)

Comment: For example, comparing the services of a train, plane or vehicle would be lawful as they meet same needs; i.e. transporting people or goods. When two products belong to different genres they may be compared on the basis of common or similar parameters, when they meet the same objective or purpose.

Case: Autocontrol Resolution (RJAACC⁶) of March 26, 2003⁷, Case "Erosmer Ibérica, SA '[BAACC (BD), No. 75, May 2003]

The Jury, following the criteria established by jurisprudence held that a comparison of goods or services belonging to different genres was lawful, provided that the products would serve to satisfy the same needs. The Jury noted that although the comparison involved the price of fuel in a self-service station and that in a service station serviced by employees, which are different, they were considered similar services because "for the purposes of comparative advertising, similar or comparable products and services are considered to be those which belong to the same generic category and serve, in the usual way, the same needs. In the present case, it is clear that all the establishments compared belong to the same generic category: service stations; as well as that the main need that all of them satisfy is the sale or supply of fuel".

EU Case: (See: Lidl v Vierzon [C-159/09](#) – The goods or services being compared must meet the same needs or be intended for the same purpose; that it is to say - they must display a sufficient degree of interchangeability for consumers (see para. 39 Case C-159/09)

b) An objective comparison is made between one or more material, relevant, verifiable and representative features of those goods and services, which may include price
(*same provision in Art. 22b AC Code*)

Comment: Comparative advertising is permitted where the comparison is based on features that can be objectively assessed and not on personal opinions.

Example: Autocontrol Jury decision of January 11th, 2001 concerning a television commercial for Pepsi⁸.

Facts: The commercial showed a Pepsi and a Coca-Cola delivery man each drinking a bottle of Pepsi and Coca-Cola, respectively. They exchange their drinks as a friendly gesture during the Christmas season. While the Pepsi delivery man takes a sip of his colleague's Coca-Cola and gives it back, the Coca-Cola delivery man refuses to give the Pepsi bottle back after trying it. The Autocontrol Jury deemed the commercial unlawful because the characteristics of the products (e.g., the better taste of a cola drink) could not be objectively assessed.

⁶ Resolución del Jurado de La Asociación para la Autorregulación de la Comunicación Comercial (RJAACC) i.e. Autocontrol Jury Resolution/ case

⁷ <http://www.gregsregs.com/downloads/SPCompAdadjErosmerIberica.pdf>

⁸ Cía de Servicios de Bebidas Refrescantes, S.L. vs Compañía de Bebidas Pepsico, S.A. (Pepsi)
<http://www.gregsregs.com/downloads/SPCokePepsiCompAdAdju2001ES.pdf>

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- c) In the case of products protected by a designation of origin or a geographical indication, specific denomination or guaranteed traditional speciality, the comparison may only be made with products of the same designation (*same provision in Art. 22c AC Code*)

Comment : The comparison can only be made between products of the same geographical designation. For example, manchego cheese could make comparative advertising with other cheeses whose designation of origin is manchego (cheese made from sheep milk in the La Mancha region of Spain) but could never make comparative advertising with Idiazabal cheese (from Latxa and Carranzana sheep in the Basque Country and Navarre, Spain)

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- d) Goods or services may not be presented as imitations or replicas of goods or services bearing a protected trade mark or trade name (*same provision in Art. 22d AC Code*)

Comment: Bellure case ([C-487/07](#)) – held that this is not limited to counterfeit goods as originally thought. The CJEU gave it a wider ambit holding that the product need not be an obvious counterfeit of the product or mark in its entirety, rather it can be an imitation of an essential characteristic of the product i.e. the smell or the packaging

In Spain – Equivalenza case [ES](#) – chain of stores selling smell-a-likes of well-known perfumes. It used comparison price lists in marketing showing the registered trademarks of the perfumes being imitated (including trademarks such as Paco Rabanne, Carolina Herrera which belong to the Puig Group).

The Spanish Community Trademark (CTM) Court on 28/01/2014 upheld claims by Caroline Herrera Ltd for trademark infringement under Art. 34.2(c) Spanish Trademarks Act [EN](#) (Act. 9.1(c) EU TM Reg [207/2009](#) and Art. 5(2) Directive [2008/95/EC](#)) and from Puig Group for unfair competition. Liable for both TM infringement and unfair competition (decision was also upheld by CTM Court of Appeal – in judgement 13/06/2014 – case 146/2014). Ordered to pay damages and destroy advertising material/ comparison lists)

Decision:

Re Trademark Infringement – court held that the Defendant could not rely on any of the *ius prohibendi* (right to prohibit) limitations (Art. 12 207/2009; Art. 3.1 2008/95/EC and Art. 37 of the Trademarks Act) – notably, on the use of trademarks for purely descriptive purposes – based on interpretation from Bellure case.

The court held that the use of the plaintiffs' trademarks was: 1) not necessary to indicate the intended purpose of Equivalenza's perfumes 2) not descriptive of the characteristics embodying their products, which in this case would be the characteristics of each perfume's scent (e.g. "floral" or "fruity"). Contrary to Art. 37.1, such use was not consistent with honest practices, since it gave rise to an association with the well-known trademarks that took unfair advantage of their prestige and recognition in the market.

Equivalenza's use of the original well-known trademarks was unlawful because it constituted unfair comparative advertising. The judge held that Equivalenza presented its smell-alike perfumes as imitations or replicas of the perfumes bearing the original trademarks and took unfair advantage of their reputation, infringing Article 10 of the Unfair Competition Act (3/1991), in accordance with the EU Misleading and Comparative Advertising Directive (2006/114/EC), as well as Articles 12 and 18 of the act, which prohibit the exploitation of a third party's reputation and any advertisement regarded as illegal under advertising law, respectively.

Comment: in line with the ECJ decision in *L'Oréal-Bellure* – it protects the rights holders of well-known trademarks against use that, far from being descriptive, takes unfair advantage of their reputation – but it also offers a second level of protection through unfair competition law, safeguarding the interests of businesses and ensuring compliance with advertising regulations.

As in the *L'Oréal/Bellure* judgment, the decision of the CTM states that the use of well-known trademarks in comparison or equivalence lists is unlikely to mislead the public, and will

probably not damage, dilute or tarnish the reputation or the distinctive character of the relevant trademarks. However, such equivalence/ comparative lists create a link or connection in the mind of the public between the plaintiffs' reputed trademarks and the smell-alike perfumes. Furthermore, by using well-known trademarks in their comparison lists, the defendants **attempt to ride on the coattails of those trademarks** in order to benefit from their power of attraction, their reputation and their prestige.

Finally, and also in line with the L'Oréal/Bellure judgment, the CTM Court (as confirmed by CTM CoA) conclude that the marketing of smell-a-like perfumes as imitations or replicas of fragrances bearing well-known trademarks constitutes unlawful comparative advertising and is contrary to honest commercial practices.

e) The comparison may not infringe the provisions of Articles 5, 7, 9, 12 or 20 (see below) regarding misleading and denigrating acts and exploitation of another's reputation (*Art. 22e AC Code: The comparison does not contravene any rules established by Articles 14, 20 and 21 of the Code, related to acts of deception/ misleadingness, denigration and confusion and exploitation of another's reputation*)

Comment: To some extent, all comparative advertising has the effect of disparaging a competitor. Advertisers should therefore be careful not to engage in gratuitous or unnecessary acts likely to discredit their competitors.

Example case: Autocontrol Jury Resolution of December 11th, 2008⁹, the Autocontrol Jury set out some useful guidance on where the limit lies

Facts: Telefónica and Ono were in dispute over an ad that Ono had placed on its website: "Save €330 a year versus Telefónica's prices. Telephone charges all included +Essential Television+ 3Mg broadband: don't be a melon".

The term 'melon' in Spanish is also used colloquially as a synonym for a sap or a fool. The Autocontrol Jury considered the expression "melon head" ("*cabeza de melón*"), depicting a human figure with a melon on his head, to be unnecessarily denigrating.

They also found the ad to be misleading under Article 22 Autocontrol General Code of Advertising (Comparative advertising) as the prices didn't compare like with like (different services and speeds)

⁹ Telefónica de España, S.A.U. vs Cableuropa, S.A.U. (ONO Triple Play)
<http://www.gregsregs.com/downloads/SPTelefonicaONOADjFullcaseES.pdf>