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# To Tell the Truth: Comparative Advertising and Lanham Act Section 43(a)

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# TO TELL THE TRUTH: COMPARATIVE ADVERTISING AND LANHAM ACT SECTION 43(a)

Comparative advertising is a technique by which a product is compared to a competitive product with the intent of proving its superiority.[1] In contrast, the more traditional advertising approach of promoting sales is based solely on the merits of the particular product or service.[2] An example of comparative advertising in the mid-1980's exists in the rigorous campaigns of the nation's leading long distance telephone companies, American Telephone and Telegraph Company (AT&T) and MCI Telecommunications Corporation (MCI). In their advertising campaigns, each company has a celebrity spokesperson who compares prices and services and even names the competitor.[3] The popularity of comparative advertising in all forms of media is a recent phenomenon.

Until 1972, two of the major television networks,[4] along with a number of national print publications,[5] banned such advertising practices. In 1971, however, the Federal Trade Commission (FTC) endorsed comparative advertising.[6] The Commission's endorsement rested on the premise that through the comparison of product attributes, consumers would become

1. The definition may be summed up by the adage "anything his can do mine can do better." *See generally* Lee, *Comparative Advertising, Commercial Disparagement and False Advertising,* 71 TRADEMARK REP. 620, 620-25 (1981).

2. *Id.* at 621.

3. A more subtle example of a comparative advertisement is one which compares the product to "Brand X" which was a popular technique prior to the 1970s. The use of "Brand X" or "the other leading brand" is not particularly different from the explicit use of the competitor's name especially when there are only two competitors in the market. *See* Sterk, *The Law of Comparative Advertising: How Much Worse is "Better" than "Great,"* 67 TRADEMARK REP. 368, 369-70 (1977).

4. Lee, *supra* note 1, at 621 n.2.

5. F. KENT & D. WOOD, LEGAL PROBLEMS IN ADVERTISING 7-1 (1986). No matter what form of media banned comparative advertising, there were similar concerns. Among such concerns were that ads would not portray an objective comparison. Also, that competitor's goodwill might be damaged. Another concern was that a competitor should have the right to object to the use of its name. Furthermore, such advertisements might harm the public by way of consumer confusion. *See generally* 3 G. ROSDEN & P. ROSDEN, THE LAW OF ADVERTISING § 31.01[1] (1986) (describing supporting and opposing views toward comparative advertising).

6. *See* F. KENT & D. WOOD, *supra* note 5, at 7-1. "[I]n 1971 the Federal Trade Commission prevailed upon the national television networks to change their policies for the benefit of greater disclosure of product differences." *See also* Lee, *supra* note 1, at 621.

more sophisticated and would make more rational purchase decisions.[7] Furthermore, the FTC concluded that comparative advertising would lead to product improvement and innovation as well as to a decrease in prices.[8]

Naturally, with the widespread use of comparative advertising came many of the typical advertising abuses. Common types of abuses include: false claims, where the advertiser claims that his product does something that it does not do;[9] product disparagement, where the advertiser unjustifiably attacks a competitor's product;[10] and false representation, where the advertisement is misleading.[11] The industry responded to the abuses in a number of ways. The major television networks developed guidelines[12] for comparative advertisements which must be followed in order for the ads to be aired.

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7. *See* 2 S. KANWIT, REGULATORY MANUAL SERIES, FEDERAL TRADE COMMISSION § 22.17 n.13 (1985). The FTC Policy Statement on comparative advertising provides:

> The Commission has supported the use of brand comparisons where the bases of comparison are clearly identified. Comparative advertising when truthful and nondeceptive, is a source of important information to consumers and assists them in making rational purchase decisions. Comparative advertising encourages product improvement and innovation, and can lead to lower prices in the marketplace. For these reasons, the Commission will continue to scrutinize carefully restraints upon its use.

8. *Id.*

9. *See, e.g.*, Warner-Lambert v. FTC, 562 F.2d 749 (D.C. Cir. 1977) (Federal Trade Commission suit where Warner-Lambert falsely claimed that Listerine mouthwash would cure colds or sore throats).

10. Lee, *supra* note 1, at 625. Though disparagement is useful in the information process, it becomes abusive when it is wrongful disparagement.

11. False representations commonly occur due to misuse of consumer tests, such as taste or preference tests. *See, e.g.*, Vidal Sassoon, Inc. v. Bristol-Myers Co., 661 F.2d 272 (2d Cir. 1981) (misrepresentation in consumer test of shampoos); Philip Morris, Inc. v. Loew's Theaters, Inc., 511 F. Supp. 855 (S.D.N.Y. 1980) (advertisement proclaiming a cigarette the "National Taste Test Winner" found to be misleading).

12. An example of network guidelines for comparative advertising are those of the National Broadcasting Company:

> 1. The products identified in the advertising must actually be in competition with one another.
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> 2. Competitors shall be fairly and properly identified.
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> 3. Advertisers shall refrain from discrediting disparaging, or unfairly attacking competitors, competing products, or other industries.
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> 4. The identification must be for comparison purposes and not simply to upgrade by association.
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> 5. The advertising should compare related or similar properties or ingredients of the product, dimension to dimension, feature to feature, or wherever possible be [sic] a side-by-side demonstration.
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> 6. The property being compared must be significant in terms of value or usefulness of the product to the consumer.
>
> 7. The difference in the properties must be measurable and significant.

[1969-1983 Transfer Binder] Trade Reg. Rep. (CCH) ¶ 50,196 (Jan. 16, 1974) (The American Broadcasting Company's Principles for Comparative Advertising may be found at ¶ 50,205.).

These guidelines serve as a prospective attempt to avoid abuses. There was also the implementation of self-regulation in the advertising industry through the establishment of the National Advertising Division (NAD) and the National Advertising Review Board (NARB)[13]

For many years, the FTC was perceived as the federal government's champion against all forms of advertising abuses. However, in recent years, the FTC has diminished its role in the regulation of advertising.[14] The low profile of the FTC in this area may be due in part to the deregulation philos-

13. Because of the influence of self-regulation in this field, the National Advertising Division (NAD) and National Advertising Review Board (NARB) deserve separate discussion. The NAD/NARB, a division of the Better Business Bureau, was formed in 1971 by several advertising organizations. Its purpose is to maintain "high standards of truth and accuracy in national advertising." COUNCIL OF BETTER BUSINESS BUREAUS, INC., DEAR ***, YOUR ADVERTISING HAS RECENTLY COME TO THE ATTENTION OF THE NATIONAL ADVERTISING DIVISION . . . (1985). Comparative advertising cases have been catalysts in the development of the NAD. In its first ten years it heard 1,854 cases.

The procedure of NAD/NARB is similar to a judicial proceeding. A complaint is filed which is followed by an investigation. Information is collected from both the challenger and the advertiser. The NAD will come to one of two conclusions after its investigation. Either substantiation for the advertising claim is found, or substantiation is found to be insufficient. In the latter instance, there is a request for modification or discontinuance of the ad. Decisions are published in monthly reports. A NAD decision may be appealed to NARB whose five member panel decision is final. In the 15 years of its existence, no participant in the full process has declined to abide by the panel decisions. Though NAD/NARB decisions are not legally binding, its fuel for success is moral force. This force is derived from the industry, the networks and media who follow NAD's views, and the advertiser's own desire to maintain stability and goodwill within the industry.

The benefits of such a self-regulatory group are multiple. First, it provides a resolution that is timely, informal and relatively inexpensive. Second, the NAD/NARB adjudicators are specialists in the field, thus providing a higher degree of expertise. Finally, by resolving abuses on its own, NAD/NARB keeps a massive flow of cases from entering the already overloaded court system.

Nevertheless, there are negative aspects to the self-regulatory process. These relate to the fact that decisions are not legally binding. Though the NAD has a good history, its decisions are simply less secure, in some instances, than ones made in court. There are also procedural problems that make the process more difficult. For example, a complaint can be filed only with a preliminary showing that a question of public interest is involved. A competitor may be injured without the involvement of a public interest issue and may not even be able to file. If a competitor is able to file a complaint, a final decision of "modification" may not be sufficient compensation for injuries, as damages are not allowed. Furthermore, cases heard by NAD may only be for national advertising, which restricts regional or local advertisers from availing themselves of NAD redress. COUNCIL OF BETTER BUSINESS BUREAUS, INC., *supra. See also* C. BOVEE & W. ARENS, CONTEMPORARY ADVERTISING 79-83 (1982); Gottlieb, *NAD/NARB-A Voluntary Approach to Abuses in Comparative Advertising,* 64 TRADEMARK REP. 498 (1974); Kent, *Control of Ads By Private Sector,* N.Y.L.J., Dec. 27, 1985, at 1, col. 1.

14. Former FTC Chairman Michael Pertschuk reported that the FTC was aggressive a decade ago, but now the "cop is off the beat," in regard to policing advertising abuses. Keller, *How Do You Spell Relief? Private Regulation of Advertising Under Section 43(a) of the Lanham Act,* 75 TRADEMARK REP. 227, 228 (1985).

ophy of the Reagan administration. In addition, extensive regulation of comparative advertising by the Commission would be contrary to its policy of fostering such practices.[15] Finally, if a competitor is capable of presenting contrary information in response to a misleading ad, such as in a self-defense ad, the FTC will not intervene.[16]

The FTC's unwillingness to intervene may account for the rise in the importance of judicial remedies for comparative advertising abuses.[17] The basis for federal court action is section 43(a) of the Lanham Trademark Act.[18] This provision makes one civilly liable to another who is or is likely to be damaged by the false description or representation of goods or services.[19] The number of comparative advertising cases that have been brought in federal courts has risen steadily.[20] Courts have read section 43(a) expansively, especially regarding the diverse remedies allowed.[21] As courts have become more receptive to section 43(a) cases, litigants have become attracted to this route of rectifying comparative advertising abuses.[22]

This Note will trace the development of section 43(a) of the Lanham Act as a remedial alternative for comparative advertising abuses. Preliminarily, this entails a discussion of the section's first application to advertising cases. The Note will also examine the fundamental remedy available in a section 43(a) case: the injunction. The more recently developed remedies, including

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15. *See supra* note 7 and accompanying text.

16. *See* S. KANWIT, *supra* note 7, § 22.17, at 22-54.

17. One commentator has written that "it seems reasonable to suppose that a more active commission would have absorbed at least some of the grievances that wound up in the courts." McGrew, *Advertising Issues Avoided by FTC in Past Year,* LEGAL TIMES, Jan. 7, 1985, at 12, col. 1.

18. 15 U.S.C. § 1125(a) (1982 & Supp. III 1985).

19. *Id.*

> Any person who shall . . . use in connection with any goods . . . any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, . . . shall be liable to a civil action by . . . any person who believes that he is or is likely to be damaged by the use of any false description or representation.

20. *See, e.g.,* U-Haul Int'l, Inc. v. Jartran, Inc., 793 F.2d 1034 (9th Cir. 1986); Avis Rent a Car Sys., Inc. v. Hertz Corp., 782 F.2d 381 (2d Cir. 1986); Coca-Cola Co. v. Tropicana Prod., Inc., 690 F.2d 312 (2d Cir. 1982); Vidal Sassoon, Inc. v. Bristol-Myers Co., 661 F.2d 272 (2d Cir. 1981); Maybelline Co. v. Noxell Corp., 643 F. Supp. 294 (E.D. Ark. 1986); American Home Prod. Corp. v. Abbott Laboratories, 522 F. Supp. 1035 (S.D.N.Y. 1981); R.J. Reynolds Tobacco Co. v. Loew's Theatres, Inc., 511 F. Supp. 867 (S.D.N.Y. 1980); Philip Morris, Inc. v. Loew's Theatres, Inc., 511 F. Supp. 855 (S.D.N.Y. 1980); Ragold, Inc. v. Ferrero, U.S.A., Inc., 506 F. Supp. 117 (N.D. Ill. 1980). *See also infra* note 68.

21. *See, e.g.,* U-Haul Int'l, Inc. v. Jartran, Inc., 793 F.2d 1034 (9th Cir. 1986); Durbin Brass Works, Inc. v. Schuler, 532 F. Supp. 41 (E.D. Mo. 1982).

22. *See infra* note 68; *see also* 4 Advertising Compliance Service (Meckler) at 7 (June 18, 1984).

corrective advertising and monetary awards, will then be explored and analyzed in light of practical considerations. The Note will conclude that while large monetary awards may encourage litigants to pursue such an alternative, practical matters will serve as a deterrent to seeking such relief. In contrast to monetary awards, the developing corrective advertising remedy is generally more effective and equitable, because it attacks the core of the wrongdoing and seeks to cure the present and potential effects of comparative advertising abuses on the consumer.

## I. LANHAM ACT LITIGATION: A NEW TRADITION

### *A. Precursors for Comparative Advertising Cases*

Congress enacted section 43(a) of the Lanham Act in response to the need for a new federal remedy for a variety of unfair competition problems.[23] This response was due to three major factors. First, in *Erie Railroad Co. v. Tompkins Co.*,[24] the Supreme Court held that there is no federal general common law.[25] Thus, the existing body of federal law, including that of unfair competition, lost much of its significance.[26] With section 43(a), however, the *Erie* decision could be avoided and a body of federal law of unfair competition could be maintained.[27] Second, several foreign countries already had successful unfair competition laws for false advertising.[28] Through a survey of these foreign statutes, Congress was able to incorporate

23. *See* Skil Corp. v. Rockwell Int'l Corp., 375 F. Supp. 777, 781-82 (N.D. Ill. 1974). *See also* Derenberg, *Federal Unfair Competition Law at the End of the First Decade of the Lanham Act: Prologue or Epilogue?* 32 N.Y.U. L. REV. 1029, 1032-39 (1957) (discussing the legislative history of § 43(a)).

24. 304 U.S. 64 (1938).

25. *Id.* at 78.

26. *See* Zlinkoff, Erie v. Tompkins: *In Relation to the Law of Trade-Marks and Unfair Competition,* 42 COLUM. L. REV. 955, 960-61 (1942). *See also* Note, *The Lanham Trademark Act, Section 43(a)—A Hidden National Law of Unfair Competition,* 14 WASHBURN L.J. 330, 335 (1975).

27. *See* Note, *supra* note 26, at 335.

28. General regulations for comparative advertising are: none in Finland and Switzerland; minor in Denmark; permissible if indirect and substantiated in Italy; and banned if denigrating in Austria, Belgium, Sweden and the United Kingdom. C. BOVEE & W. ARENS, *supra* note 13, at 85. Most European countries follow one of two approaches toward comparative advertising as developed in West Germany. "Verbotsprinzip" is a prohibition of comparative advertising with a few exceptions. These exceptions are (1) "Abwehrvergleich"—self defense ads; (2) "Vergleich auf Verlangen des Kunden"—ads requested by consumers; (3) "Fort schrittsvergleich"—ads clarifying new technology; and (4) "Hinreichender Anlass"—ads for the common good. The second approach is "Misbrauchsprinzip," which is more permissive with respect to comparative advertising, but nonetheless has some limitations. *See* 3 G. ROSDEN & P. ROSDEN, THE LAW OF ADVERTISING § 31.04 (1986). For a more comprehensive discussion of comparative advertising regulations throughout the world, see Janssen, *Some Foreign Law Aspects of Comparative Advertising,* 64 TRADEMARK REP. 451 (1974).

in section 43(a) the finer elements of modern practice dealing with false descriptions or representations of goods or services.[29] The third factor was the restrictive holding of *American Washboard Co. v. Saginaw Manufacturing Co.*,[30] which permitted a cause of action only in the very narrow instance of "palming off,"[31] where the defendant represents his goods as being those of the plaintiff. This restrictive holding was inconsistent with the United States' obligations under the Inter-American Trademark Convention of 1929,[32] which required relief beyond claims of "palming off" in cases of unfair competition.[33] Therefore, by creating federal relief broader in scope than that of "palming off," the United States would meet its treaty commitments.

While section 43(a) created the potential for important new remedies for a variety of unfair competition problems,[34] initially its use in the field of advertising was very limited. Less than thirty cases were decided under section 43(a) in its first twenty years.[35] Section 43(a) first received an expansive reading for advertising claims in *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*[36] L'Aiglon's national print advertising campaign featured a picture of a dress from its line priced at $17.95.[37] Two million promotional pieces were also distributed through retailers.[38] As a result of the campaign, consumers were able to identify the $17.95 dress.[39] At the same time, Lobell advertised its own $6.95 dress in a national magazine.[40] The Lobell dress was inferior to and noticeably distinguishable from L'Aiglon's, however, an actual reproduction of L'Aiglon's $17.95 dress was the most prominent part of the Lobell ad.[41]

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29. *See* Derenberg, *supra* note 23, at 1036-37.

30. 103 F. 281 (6th Cir. 1900).

31. *Id.* at 284. "Palming off" occurs when the defendant sells his goods as those of the plaintiff. In *American Washboard,* the plaintiff claimed deception since the defendant's zinc washboards were represented as being made of aluminum. The court concluded that deception could not raise a cause of action. Although deception was considered to be an important factor, the court determined that "it is only where this deception induces the public to buy the goods as those of the complainant that a private right of action arises." *Id.* at 285.

32. 46 Stat. 2907, T.S. No. 833 (1929).

33. *See* Derenberg, *supra* note 23, at 1037-38; F. KENT & E. STONE, LEGAL AND BUSINESS ASPECTS OF THE ADVERTISING INDUSTRY 32-33 (1984); Skil Corp. v. Rockwell Int'l Corp., 375 F. Supp. 777, 781-82 (N.D. Ill. 1974).

34. Derenberg, *supra* note 23, at 1039.

35. *See* Sterk, *supra* note 3, at 381 n.63.

36. 214 F.2d 649 (3d Cir. 1954).

37. *Id.* at 650.

38. *Id.*

39. *Id.*

40. *Id.*

41. *Id.*

Although this was a case of fraudulent representation of goods, the United States District Court for the Eastern District of Pennsylvania dismissed the case for failure to state a cause of action.[42] On appeal, the defendant attempted to persuade the court to read a limitation into section 43(a).[43] By looking to the *American Washboard* line of cases, the defense claimed "palming off" as a prerequisite to an action under section 43(a).[44] The United States Court of Appeals for the Third Circuit refused to accept such a narrow construction of the statute.[45] The court found nothing in the legislative history to indicate that section 43(a) was merely a declaration of existing law.[46] In fact, the section was purposefully enacted in reaction to prior law.[47] In expressing the court's decision to reverse, Judge Hastie stated that a civil wrong of false representation had been established in section 43(a), and that it afforded a wide range of litigants the right to redress in the federal courts.[48] Under this expansive interpretation, advertisers were now included in this "broad class of suitors" and could now more readily resolve their disputes under the Lanham Act.[49]

Section 43(a) litigation continued to be "sluggish,"[50] but picked up dramatically in the 1970's, coinciding with the FTC's encouragement of comparative advertising.[51] The United States District Court for the Northern District of Illinois in *Skil Corp. v. Rockwell International Corp.*[52] further broadened and defined the application of section 43(a). Rockwell's advertising campaign was broadly based, using both national and local print and television media.[53] Its advertisements focused on the results of a product test.[54] Factual statements were made in comparative and absolute terms referring to the relative performance of Skil's and Rockwell's drills and jigsaws.[55] This campaign reached approximately eighty million people.[56] Skil claimed that misleading comparisons in Rockwell's advertisements cost Skil

42. L'Aiglon, Inc. v. Lana Lobell, Inc., 118 F. Supp. 251 (E.D. Pa. 1953).
43. *L'Aiglon,* 214 F.2d at 650.
44. *Id.* at 651.
45. *Id.*
46. *Id.*
47. *See supra* note 23 and accompanying text.
48. *L'Aiglon,* 214 F.2d at 651.
49. *Id.*
50. Skil Corp. v. Rockwell Int'l Corp., 375 F. Supp. 777, 782 (N.D. Ill. 1974).
51. *See supra* note 6 and accompanying text.
52. 375 F. Supp. 777 (N.D. Ill. 1974).
53. Print promotion vehicles included magazines, trade journals, brochures and letters to the public. *Id.* at 780.
54. *Id.*
55. *Id.*
56. *Id.*

a loss of present and potential customers as well as a loss of goodwill.[57]

The court set forth five factors necessary to establish a prima facie case of false advertising under section 43(a).[58] These requirements have been followed and qualified in several later cases.[59] In setting forth the first factor, the court defined the statutory language of "false representations" to "be the product of affirmatively misleading statements, of partially correct statements or failure to disclose material facts."[60] Furthermore, the court suggested that there should be no distinction between a false statement about the plaintiff's product or that of the defendant's product so that one renders a cause of action and the other does not.[61] The result of false statements about either product in a comparative ad would be the same: deception and consumer confusion. Commentators have agreed with this logical expansion of the statute,[62] and at least one district court case has implicitly accepted the *Skil* interpretation.[63]

In addition to defining a prima facie case, the district court furthered comparative advertising litigation by setting the standard for remedies under section 43(a).[64] "In order to recover *damages* under section 43(a), plaintiff must establish that the buying public was actually deceived; in order to obtain *equitable relief,* only a likelihood of deception need be shown."[65] Through this one case the federal courts became a viable avenue for remedies for comparative advertising abuses. By offering a broad reading of sec-

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57. *Id.*

58. The requirements are:

> (1) in its comparison advertisements, defendant made false statements of fact about its own product; (2) those advertisements actually deceived or have the tendency to deceive a substantial segment of their audience; (3) such deception is material, in that it is likely to influence the purchasing decision; (4) defendant caused its falsely advertised goods to enter interstate commerce; and (5) plaintiff has been or is likely to be injured as the result of the foregoing either by direct diversion of sales from itself to defendant, or by lessening of the goodwill which its products enjoy with the buying public.

*Id.* at 783 (footnote omitted).

59. *See, e.g.,* Coca-Cola Co. v. Tropicana Prod., Inc., 690 F.2d 312 (2d Cir. 1982) (determining "substantial segment" of the audience through two consumer studies); McNeilab, Inc. v. American Home Prod. Corp., 501 F. Supp. 517 (S.D.N.Y. 1980) (ASI Market Research, Inc.'s immediate recall consumer research helped establish deception); American Home Prod. Corp. v. Johnson & Johnson, 436 F. Supp. 785 (S.D.N.Y. 1977), *aff'd,* 577 F.2d 160, 165 (2d Cir. 1978) (false statements can be due to "innuendo, indirect intimations, and ambiguous suggestions").

60. *Skil,* 375 F. Supp. at 783 n.11.

61. *Id.* at 782 n.10. *See also supra* note 58, factor (1).

62. *See* Lee, *supra* note 1, at 632. *See also* Keller, *supra* note 14, at 236.

63. *See* U-Haul Int'l, Inc. v. Jartran, Inc., 522 F. Supp. 1238, 1243-44 (D. Ariz. 1981).

64. *Skil,* 375 F. Supp. at 783.

65. *Id.* (emphasis in original).

tion 43(a) and by setting standards, the *Skil* court paved the way for an influx of comparative advertising cases.[66] Suitably, the case coincided with the sudden growth of comparison ads. Furthermore, unlike *L'Aiglon,* the advertising complained of in *Skil* was more specifically comparative.[67] The consumer goods in *Skil* were directly compared and the competitor was specifically named. After *Skil,* it was clear to potential litigants that comparative advertising cases had a place in the federal courts.

### *B. Injunction: The Choice Litigants Prefer Most*

The most common remedy sought and achieved in section 43(a) litigation is the injunction.[68] There are multiple reasons for the popularity of this remedy. Most importantly, an injunction achieves the primary goal of eliminating the abusive ad from the marketplace.[69] The injunction stops the message from continuing and, therefore, from causing more harm to the competitor and confusion to the consumer. The second most important factor for choosing an injunction is the speed by which it achieves the primary goal. Preliminary injunctions can be obtained within months and even weeks of the filing of a complaint.[70] The fact that such action may be more easily obtained in federal court than at the FTC[71] makes section 43(a) even more attractive. While an injunction is analogous in effect to the discontinue order of the NAD,[72] it carries with it the strength of the law. This legal obligation, rather than just a moral one,[73] diminishes the likelihood of noncompliance with the decision. A final factor for the popularity of the injunction is the difficulty in obtaining further relief. Because of the heavy burden of proof, damages are often found not worth the effort.[74] Further-

66. *See supra* note 20.

67. *Skil,* 375 F. Supp. at 780.

68. The number of cases was such that "[b]etween 1974 and 1982 approximately a dozen reported cases involving the application of Section 43(a) to national advertising campaigns were adjudicated in the federal courts. A sizeable number of additional cases were reported from 1982 to the present. In all of these cases, injunctive relief was sought . . . ." Kent, *Substantial Award in Lanham Act Advertising Case,* N.Y.L.J., Dec. 28, 1984, at 1, col. 1.

69. Keller, *supra* note 14, at 244.

70. *See* Keller, *supra* note 14, at 244 n.99 (comparing 43(a) cases such as American Home Prod., Corp. v. Abbott Laboratories, 522 F. Supp. 1035 (S.D.N.Y. 1981), where an injunction was granted within one month of the motion, with FTC cases such as Carter Prod., Inc. v. FTC, 268 F.2d 461 (9th Cir.), *cert. denied,* 361 U.S. 884 (1959), where it took sixteen years to have a misleading representation removed from advertising).

71. *Id. See also* Pitofsky, *Beyond Nader: Consumer Protection and the Regulation of Advertising,* 90 HARV. L. REV. 661, 693 n.130 (1977).

72. *See supra* note 13.

73. The fuel for compliance with NAD decisions is moral obligation rather than the binding strength of the law. *See supra* note 13 for a discussion of NAD.

74. *See* Donegan, *Section 43(a) of the Lanham Trademark Act as a Private Remedy for*

more, given the competitive nature of the business world, a litigant would prefer to avoid the likelihood of having to reveal its marketing tactics which would result from discovery procedures leading to a trial on the question of damages.[75]

Due to the increase of section 43(a) cases and the popularity of the injunction, guidelines for relief have been fairly well settled. The United States Court of Appeals for the Second Circuit in *Coca-Cola Co. v. Tropicana Products, Inc.*[76] set forth the requirements for an injunction. Tropicana used Olympic athlete Bruce Jenner as a spokesman in a television commercial. While squeezing an orange, Mr. Jenner said of Tropicana's "Premium Pack" orange juice, "[i]t's pure, pasteurized juice as it comes from the orange."[77] The commercial also claimed Tropicana to be the only leading brand which was not made from concentrate and water.[78] The Coca-Cola company, which owns Minute Maid orange juice, claimed that the Tropicana commercial was false and misleading.[79] The court prefaced its rationale for reversing the denial of a preliminary injunction sought by Coca-Cola, by expressing concern for the great impact that television has on a viewer.[80] It then established a two-part test in determining the appropriateness of injunctive relief.[81]

The plaintiff must first demonstrate that he will suffer irreparable injury if an injunction is not issued and the abusive message is allowed to persist.[82] There need not be a showing of actual lost sales,[83] but there must be more than a mere subjective belief of injury.[84] Consumer reaction surveys have been found to be adequate evidence to prove that consumers have been mis-

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*False Advertising*, 37 FOOD DRUG COSM. L.J. 264, 280 (1982) (stating that "there is little incentive to expend substantially more energy and resources to meet much more demanding standards of proof to establish that damages are justified"). *But see* U-Haul Int'l, Inc. v. Jartran, Inc., 601 F. Supp. 1140, 1149 (D. Ariz. 1984), *aff'd in part, rev'd in part*, 793 F.2d 1034 (9th Cir. 1986) (plaintiff was able to prove damages and secured an award of $40 million).

75. *See* Keller, *supra* note 14, at 244.

76. 690 F.2d 312 (2d Cir. 1982).

77. *Id.* at 314.

78. *Id.*

79. *Id.* Obviously, juice does not come from an orange in a pasteurized form. The commercial is misleading in that it represented the orange juice as fresh squeezed when in fact it was processed by pasteurization.

80. *Id.* Judge Cardamone believed that if there is great truth to the adage "seeing is believing" then both the audio and visual aspects of television would more readily persuade the audience to believe. These strong persuasive abilities of television serve as policy considerations for regulating comparative ads. *Id.*

81. *Id.* at 314-15.

82. *Id.* at 316.

83. *Id.*

84. *Id.*

led,[85] and such evidence sufficed in *Coca-Cola.*[86] According to the court, such market studies supply evidence that the abusive advertisement was the cause of the plaintiff's potential lost sales or goodwill, thus indicating a likelihood of injury.[87]

After satisfying the first part of the test, the plaintiff must prove either (1) the likelihood of success on the merits, or (2) "sufficiently serious questions going to the merits to make them fair ground for litigation."[88] If either part of the test has been satisfied,[89] the plaintiff is entitled to injunctive relief. Where the defendant's message is literally or explicitly false, the court will grant relief regardless of the impact on consumers.[90] If, however, the advertisement is implicitly false, consumer reaction surveys are necessary to determine whether the message is deceiving.[91] Because Tropicana's representation was literally false, Coca-Cola's relief was not contingent on the surveys.

An outline of the requirements for an injunctive remedy is not the sole import of *Coca-Cola.* The court of appeals reversed the denial of the preliminary injunction.[92] Such action was unprecedented in section 43(a) litigation, thus further reflecting a trend of greater judicial acceptance of section 43(a) cases.[93] This general judicial mood can be explained by the court's reluctance "to accord the language of § 43(a) a cramped construction, lest rapid advances in advertising and marketing methods outpace technical revisions in statutory language and finally defeat the clear purpose of Congress in protecting the consumer."[94]

In advertising cases such as these, injunctions have taken several forms.

85. *See* Vidal Sassoon, Inc. v. Bristol-Myers Co., 661 F.2d 272, 276-79 (2d Cir. 1981); American Home Prod., Corp. v. Johnson & Johnson Corp., 577 F.2d 160, 167-69 (2d Cir. 1978).

86. *Coca-Cola,* 690 F.2d at 317.

87. *Id.*

88. *Id.* at 314-15.

89. *Id.* at 317.

90. *Id.* This was so in the *Coca-Cola* case. *Id.* at 317-18.

91. *Id.* at 317. A number of cases where ads contained implicitly false claims were determined by the survey qualification. *See, e.g.,* American Home Prod., Corp. v. Johnson & Johnson Corp., 577 F.2d 160 (2d Cir. 1978) (consumer research relied on to find ad to be purposefully ambiguous and an injunction was ordered); McNeilab v. American Home Prod. Corp., 501 F. Supp. 517 (S.D.N.Y. 1980) (consumer research showed consumer misinterpretation and an injunction was issued); American Brands, Inc. v. R.J. Reynolds Tobacco Co., 413 F. Supp. 1352 (S.D.N.Y. 1976) (injunction denied on one count due to lack of consumer reaction research).

92. *Coca-Cola,* 690 F.2d at 312.

93. *See* Kent, *Comparative Advertising Under the Lanham Act,* N.Y.L.J., Oct. 29, 1982, at 1, col. 1.

94. Vidal Sassoon Inc. v. Bristol-Myers Co., 661 F.2d 272, 277 (2d Cir. 1978).

Preliminary injunctions are ordered so as to remove the abusive ad from the marketplace as quickly as possible.[95] However, the entire advertisement may not necessarily be enjoined. In *Coca-Cola,* for example, only the squeeze-pouring sequence of the Jenner commercial was ordered to be removed from broadcast.[96] In *American Brands, Inc. v. R.J. Reynolds Tobacco Co.,*[97] the injunction required the defendant to white out the phrase "Now. The lowest 'tar' of all cigarettes"[98] from all billboards and to remove any point of purchase materials with the same copy. In a more recent case,[99] Noxell was ordered to discontinue shipment of its Clean Lash mascara and to direct retailers to withhold any future sales of the product since the packaging deceptively presented the mascara as waterproof.[100] Permanent injunctions have been ordered as well. In *Toro Co. v. Textron, Inc.,* Textron was permanently restrained from making some specific claims, including superiority of maneuverability, in a comparison of its snow blower to Toro's.[101] Textron also had to retrieve all offensive promotional material from the marketplace.[102]

## II. Expansion of Relief: Securing Damages

### *A. A Preface*

No damages had ever been awarded in a section 43(a) case until the early 1980's.[103] In fact, it was considered impossible to prove that a particular advertisement or campaign was the direct cause of a loss in sales or potential sales by the competitor.[104] However, certain cases have begun to pass the injunction stage and open a new door for damage awards.[105] Such damages

95. *See supra* note 69 and accompanying text.

96. Coca-Cola Co. v. Tropicana Prod., Inc., 690 F.2d 312, 318 (2d Cir. 1982).

97. 413 F. Supp. 1352 (S.D.N.Y. 1976).

98. *Id.* at 1360.

99. Maybelline Co. v. Noxell Corp., 643 F. Supp. 294 (E.D. Ark. 1986).

100. *Id.* at 297-98. The injunction also required the discontinuance of television and magazine ads.

101. Toro Co. v. Textron, Inc., 499 F. Supp. 241 (D. Del. 1980).

102. *Id.*

103. Durbin Brass Works, Inc. v. Schuler, 532 F. Supp. 41 (E.D. Mo. 1982) apparently is the first recorded § 43(a) case that awarded damages.

104. Some courts have expressed a belief that damages are difficult to prove. "It is virtually impossible to prove that so much of one's sales will be lost or that one's goodwill will be damaged as a direct result of a competitor's advertisement. Too many market variables enter into the advertising-sales equation." Coca-Cola Co. v. Tropicana Prod., Inc., 690 F.2d 312, 316 (2d Cir. 1982). "[N]o evidence has been, or probably could ever be submitted, that would establish that a particular market share shift was a direct result of a false advertisement so that money damages could be determined." Philip Morris, Inc. v. Loew's Theaters, Inc., 511 F. Supp. 855, 858 (S.D.N.Y. 1980).

105. *See, e.g.,* U-Haul Int'l, Inc. v. Jartran, Inc., 793 F.2d 1034 (9th Cir. 1986).

may come in the form of corrective advertising as well as monetary awards.[106]

In attempting to achieve either type of damages, the *Skil* requirement of actual consumer deception[107] must be proved. This requirement has been expanded to include a showing that customers relied on the false claims.[108] Probably the most important development in determining damages was the application of section 35[109] of the Lanham Act to section 43(a) of the Act by the United States Court of Appeals for the Eighth Circuit.[110] Under section 35, the plaintiff may recover defendant's profits, actual damages, and the costs of the action.[111] Treble damages are also permitted, and in exceptional cases attorney fees may be ordered.[112]

### *B. Corrective Advertising*

One type of damages which may be granted is corrective advertising.[113] This is an award of money specifically calculated so as to be spent on advertising that will correct any confusion caused by the abusive ad.[114] Often, the defendant is charged with the task of circulating the corrective ad.[115] The court may go as far as to order the specific language of the corrective ad and

106. U-Haul Int'l, Inc. v. Jartran, Inc., 793 F.2d 1034 (9th Cir. 1986) (the court affirmed a $40 million award of damages); Durbin Brass Works, Inc. v. Schuler, 532 F. Supp. 41 (E.D. Mo. 1982) (the court awarded $10,000 for corrective advertising).

107. Skil Corp. v. Rockwell Int'l Corp., 375 F. Supp. 777 (N.D. Ill. 1974).

108. Parkway Baking Co. v. Freihofer Baking Co., 255 F.2d 641, 648 (3d Cir. 1958).

109. 15 U.S.C. § 1117 (1982 & Supp. III 1985).

110. In determining that the remedies of § 35 should apply to § 43(a), the Eighth Circuit held that Congress did not intend "to provide one set of remedies for infringement of registered marks and a different, potentially more comprehensive, set of remedies for violations under § 43(a) that do not involve registered marks." Metrics & Multistandard Components Corp. v. Metric's, Inc., 635 F.2d 710, 715 (8th Cir. 1980). The Ninth Circuit upheld the application of § 35 in a comparative advertising case in *U-Haul,* 793 F.2d at 1041-42. The court reasoned that damages in § 35 were meant for the type of conduct arising in a § 43(a) case. Such use of § 35 would also be consistent with the circuit's earlier application of it to § 43(a) in Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001 (9th Cir. 1985), *cert. denied,* 106 S. Ct. 802 (1986) (determining that § 35 applied to § 43(a) by virtue of congressional intent for uniformity and simplicity as found in other circuits). *See* Toro Co. v. Textron, Inc., 499 F. Supp. 241 (D. Del. 1980) (applying § 35 to § 43(a) action.).

111. Section 35 provides that the plaintiff need only prove the defendant's sales in determining profit. The defendant must prove the cost elements in establishing profits. The court may treble what it has found to be actual damages or what it finds to be just damages. The order of multiplying the damages is meant to be compensation rather than a penalty upon the defendant. 15 U.S.C. § 1117 (1982 & Supp. III 1985).

112. *Id.*

113. For further discussion of corrective advertising, see *infra* notes 190-202 and accompanying text.

114. Durbin Brass Works, Inc. v. Schuler, 532 F. Supp. 41, 44 (E.D. Mo. 1982).

115. Ames Publishing Co. v. Walker-Davis Publications, Inc., 372 F. Supp. 1, 16 (E.D. Pa.

that the campaign run for a set duration.[116] The statements in the corrective ad would be selected to counteract the misleading or false message of the abusive ad.[117] The corrective advertisement must be designed to stimulate the truth in consumers' minds while erasing the earlier deceptive message which caused the consumer confusion and affected purchase decisions.[118] Furthermore, corrective advertising helps support future truthful ads which may be insufficient to counteract the effects of the false advertising campaign. Finally, it is argued that specific statements would prevent reinforcement of confusion.[119]

A section 43(a) corrective advertising action succeeded in *Durbin Brass Works, Inc. v. Schuler.*[120] There, the defendant's and plaintiff's lamps were highly similar, however, those of the defendant were made in Taiwan.[121] This led to confusion concerning the origin of the plaintiff's lamps. The plaintiff sought damages for loss of goodwill as well as for corrective advertising to rectify the confusion.[122] Based on evidence of actual consumer confusion, the court awarded $10,000 and divided the sum between the cost to run ads in trade publications for three months and the cost for ads to be used in a direct mailing to customers.[123] By applying section 35 to the case, the court awarded these damages along with costs, but did not find the case to be exceptional, that is, malicious, fraudulent or willful, so as to include attorneys' fees.[124]

A more revealing case is *Avis Rent A Car System v. Hertz Corp.*[125] Although the United States Court of Appeals for the Second Circuit reversed the lower court decision and denied the plaintiff the remedy it sought,[126] the case exemplifies the increasing judicial acceptance of awarding

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1974) (defendant was ordered to distribute a direct mailing campaign of a letter correcting a previously created false impression).

116. Avis Rent A Car Sys., Inc. v. Hertz Corp., 226 U.S.P.Q. (BNA) 95 (E.D.N.Y. 1985), *rev'd* 782 F.2d 381 (2d Cir. 1986); *see* Durbin Brass Works, Inc. v. Schuler, 532 F. Supp. 41 (E.D. Mo. 1982).

The most famous corrective ad was for Listerine Mouthwash, whose copy/audio included: "Listerine will not prevent sore throats or lessen their severity." Warner-Lambert v. FTC, 562 F.2d 749, 753 (D.C. Cir. 1977). Although *Warner-Lambert* was not a § 43(a) case, it is exemplary of corrective advertising.

117. *See* S. KANWIT, *supra* note 7, § 22.11.

118. Keller, *supra* note 14, at 245.

119. *Id.*

120. 532 F. Supp. 41 (E.D. Mo. 1982).

121. *Id.* at 42-43.

122. *Id.*

123. *Id.*

124. *Id.* at 44.

125. 226 U.S.P.Q. (BNA) 95 (E.D.N.Y. 1985), *rev'd,* 782 F.2d 381 (2d Cir. 1986).

126. Avis Rent A Car Sys., Inc. v. Hertz Corp., 782 F.2d 381 (2d Cir. 1986).

an expansive remedy for comparative advertising abuses. Hertz headed its national print ad campaign with "Hertz has more new cars than Avis has cars"[127] in large bold type. The United States District Court for the Eastern District of New York rendered a sweeping order providing for injunctive relief, corrective advertising, and damages,[128] despite the lack of any analysis in its conclusions of law or any discussion of consumer reliance research.[129] In a later hearing, the court enjoined Hertz from making any false or misleading comparisons between its fleet size and that of Avis, as well as making any comparison without verification.[130] Hertz was also required to publish a conciliatory notice in the same magazines in which it had run its previous ads.[131] This type of relief is much more severe than the usual corrective advertising order. In this instance, the entire notice, rather than just a sentence or paragraph, had to be devoted to a retraction of the claim as not being true at the time that it was made.[132] Furthermore, Hertz was required to state that the notice was published by a court order at Hertz' own expense.[133]

Such an order displays a dramatic leap in the trend of offering greater relief in section 43(a) cases. However, the total lack of analysis is puzzling. The court of appeals reversed the lower court decision.[134] With a judgment void of analysis, the Second Circuit looked to pretrial conference statements and comments during testimony, which shed light on the lower court's rationale.[135] Apparently, the district court judge was only concerned with the word "cars" in a literal sense,[136] rather than the implicit meaning of *rental* cars,[137] as consumers would understand it to indicate.[138] Judge Friendly, writing for the Second Circuit, pointed out that the text must yield to the

127. *Avis,* 782 F.2d at 382 (displaying the advertisement).

128. *Avis,* 226 U.S.P.Q. (BNA) at 96.

129. *Id.* The court simply made a blanket statement that "Hertz's claims in the print media . . . violated § 43(a) of the Lanham Act" and followed it with an order. *Id.*

130. *See Avis,* 782 F.2d at 382-83.

131. *Id.* at 383.

132. *Id.*

133. *Id.*

134. *Id.* at 386.

135. *Id.* at 384.

136. At the time of the ad, Avis had approximately 102,000 cars in its corporate and licensee fleet while Hertz had only approximately 97,000 new cars in its corporate and licensee fleet. *See Avis,* 226 U.S.P.Q. (BNA) at 96 (Findings of Fact no. 10).

137. Nearly 7,000 of the Avis cars were not available for rent. The number of cars actually available for rent was less than Hertz' 97,000 new cars, thus making the claim implicitly true. *See Avis,* 782 F.2d at 384.

138. A consumer study showed that 87% of those interviewed understood the ad to mean rental cars. *Id.* at 385.

context,[139] and that the Supreme Court had established the principle that "[t]here is no surer way to misread any document than to read it literally."[140] Since the claim was implicitly true,[141] the decision was reversed.

This reversal does not mean, however, that section 43(a) cases may not provide greater remedies. The Second Circuit decision left open the issue of the corrective advertising remedy.[142] Furthermore, the court seems to imply that it would have affirmed the decision had Avis argued that the claim, though true, was deceptive.[143] Such a finding would require evidence such as market research to prove that consumers were misled as to the meaning of Hertz' claim.[144] Because Avis did not present such evidence, the court could not affirm the decision below.[145]

### C. *Monetary Awards*

Comparative advertising litigation was altered by the $40 million award in *U-Haul International, Inc. v. Jartran, Inc.*[146] The campaign at issue included three Jartran advertisements. One was a price comparison to U-Haul; another claimed that Jartran's trucks were better than those on the market; and a third claimed that "nobody can rent a truck like Jartran can."[147] In creating these ads, Jartran used deceptive techniques. Jartran formulated a U-Haul price to use in the comparison ads by taking U-Haul's basic rental fee and adding a rarely used distributive fee to it.[148] The inflated U-Haul price was then compared to Jartran's own promotional price without revealing the nature of the two prices.[149] This comparison was misleading in that it represented the disparate prices to be normal practice.[150] In

139. *Id.*

140. *Id.* (quoting Judge Learned Hand in Guiseppi v. Walling, 144 F.2d 608, 624 (2d Cir. 1944) (concurring opinion), *aff'd sub nom.* Gemsco, Inc. v. Walling, 324 U.S. 244 (1945)).

141. *See supra* note 137.

142. *Avis,* 782 F.2d at 383.

143. *Id.* at 386.

144. The court referred to the qualification of consumer reaction surveys. *Avis,* 782 F.2d at 386. *See supra* notes 90-91 and accompanying text.

145. *Avis,* 782 F.2d at 386.

146. 601 F. Supp. 1140 (D. Ariz. 1984), *aff'd in part, rev'd in part,* 793 F.2d 1034 (9th Cir. 1986).

147. U-Haul Int'l, Inc. v. Jartran, Inc., 522 F. Supp. 1238, 1243-44 (D. Ariz. 1981). The reader may become confused as to the number of U-Haul cases noted. The case in this footnote dealt solely with the preliminary injunction. The discussion in the text, however, is primarily about the companion case which dealt with the award of damages. This latter case is cited, *supra* note 146.

148. The distribution fee applies to less than 5% of U-Haul's annual transactions. *U-Haul,* 601 F. Supp. at 1147 (Findings of Fact no. 21).

149. *Id.* (Findings of Fact no. 17).

150. Furthermore, U-Haul had a policy of meeting the competition's price. This is another

these ads, Jartran published pictures of its own truck next to a U-Haul truck with the sizes adjusted so that the U-Haul truck looked smaller and less attractive.[151] This aggressive campaign resulted in part to an increase in Jartran's gross revenues from $3 million in 1979 to $95 million in 1981.[152] U-Haul sought and secured a preliminary injunction.[153]

In order to obtain damages, U-Haul was required to successfully establish the actual deception/consumer reliance criteria set by the *Skil* genre of cases.[154] U-Haul met these criteria by presenting three consumer perception surveys which showed significant levels of actual consumer deception.[155] The most difficult factor, proof of a causative link to lost sales, was established through U-Haul's history.[156] U-Haul had never before experienced a decline in revenue when a new competitor entered the market.[157] This fact was essential in eliminating concern that other market variables caused the decline.[158] At the time of Jartran's ads, however, U-Haul's revenue for 1981 had plummeted $49 million from its projections for that year.[159]

The United States District Court for the District of Arizona devised an unusual plan by which to calculate damages.[160] An expert economist arrived at damages of $20 million by determining minimum lost revenue and subtracting twenty-five percent for incremental costs.[161] This appears to be a logical methodology because costs take into account market variables, which must be taken into account to prove damages as well. However, the court arrived at the same amount by simply adding the $13,600,000 that U-Haul spent on advertising to counteract the Jartran ads to the $6 million that Jartran spent on its campaign, then rounded off this figure to $20 million.[162] This somewhat arbitrary method for determining damages has been

indication that Jartran's prices were not actually substantially lower than U-Haul's. *Id.* at 1148 (Findings of Fact no. 27).

151. *Id.* (Findings of Fact no. 29).

152. The campaign also won Jartran the "Gold Effie" award from the American Marketing Association, a prestigious honor in the industry. U-Haul Int'l, Inc. v. Jartran, Inc., 793 F.2d 1034, 1036 (9th Cir. 1986).

153. U-Haul Int'l, Inc. v. Jartran, Inc., 522 F. Supp. 1238 (D. Ariz. 1981), *aff'd*, 681 F.2d 1159 (9th Cir. 1982).

154. *See U-Haul*, 601 F. Supp. at 1149.

155. *Id.*

156. *Id.* at 1148-49 (Findings of Fact nos. 39-42).

157. *Id.* at 1148 (Findings of Fact no. 42).

158. The entrance of a new competitor is often a cause of a shift in market share. By eliminating this factor, the advertising campaign may more readily be linked to the damages caused.

159. *U-Haul*, 601 F. Supp. at 1148 (Findings of Fact nos. 37-38).

160. *Id.* at 1146.

161. *Id.*

162. *Id.*

the subject of criticism.[163] The court then applied section 35 to the section 43(a) case, which provides for the doubling of the award.[164]

The United States Court of Appeals for the Ninth Circuit affirmed the award by using a partial corrective advertising rationale.[165] In rejecting Jartran's complaint that U-Haul's expenditure on corrective advertising was excessive,[166] the court affirmed the $13.6 million damages to compensate for U-Haul's outlay.[167] The Ninth Circuit also concluded that the district court's application of the extraordinary remedies of section 35 was appropriate.[168] In so doing, it attributed the remaining $6 million of the calculated award to profits under section 35.[169] The court determined that Jartran's profits equalled its financial benefit which was interpreted as being the expenditure on its advertising campaign.[170] Although section 35 permitted the doubling of the award and attorneys' fees,[171] Jartran was not held responsible for attorneys' fees on appeal.[172] In reaching this decision, the court did not look to the conduct that precipitated the lawsuit. Instead, it found that Jartran's decision to appeal a $40 million award was reasonable.[173] The court concluded that to carry over the original conduct to the appeal would lead to punitive damages in disguise.[174]

The district court had completed its order with a permanent injunction,[175] however, the Ninth Circuit held that the overly broad language of the injunction was unconstitutional.[176] According to the court of appeals, the effect of the injunction would restrain even truthful comparative advertising.[177] Because injunctive relief was appropriate in this case, the

163. *See* McGrew, *supra* note 17, at 17, col. 3, n.18.

164. 15 U.S.C. § 1117 (1982 & Supp. III 1985). *See also supra* note 111 and accompanying text.

165. U-Haul Int'l, Inc. v. Jartran, Inc., 793 F.2d 1034, 1041 (9th Cir. 1986).

166. *Id.*

167. *Id.* at 1041.

168. *Id.* at 1042.

169. Section 35 permits recovery of the defendant's profits. 15 U.S.C. § 1117 (1982 & Supp. III 1985).

170. Jartran did not make an actual profit during the period in question, therefore, the financial benefit theory was necessary to determine a dollar amount for purposes of § 35. *U-Haul,* 793 F.2d at 1042.

171. Since § 35 allows for treble damages along with attorney fees, the mere doubling of the $20 million was well within the confines of the statute. 15 U.S.C. § 1117 (1982 & Supp. III 1985).

172. *U-Haul,* 793 F.2d at 1044.

173. *Id.*

174. *Id.*

175. U-Haul Int'l, Inc. v. Jartran, Inc., 601 F. Supp. 1140, 1151 (D. Ariz. 1984).

176. *U-Haul,* 793 F.2d at 1042.

177. *Id.*

Ninth Circuit simply modified the order.[178] This modification indicates that although courts will offer expanded relief to section 43(a) litigants, such remedies will not go unbridled.

## III. REALITIES OF RELIEF

### A. *Greater Relief: Fad or Fashion?*

The receipt of such a large award as that in *U-Haul* may cause others to be less satisfied with an injunction and encourage them to take greater efforts toward proving damages. What was once considered to be the impossible dream is no longer quixotic.[179] The chance of recouping attorney fees makes section 43(a) even more attractive to litigants. However, it is unlikely that a trend in offering large awards will be the next stage in the growth of section 43(a). A number of practical considerations will deter such a trend.

Proving that lost sales were a direct cause of an abusive ad remains very difficult.[180] Numerous market factors such as economic conditions, consumer satisfaction, and degree of brand loyalty affect sales.[181] The ability to pinpoint one factor as the cause of lost sales is still extremely difficult to prove.[182] There is also the expense of necessary consumer surveys and expert testimony to prove consumer deception and reliance.[183] Another deterrent is the exposure a business suffers during the expanded discovery that occurs beyond the injunction stage. Financial position, marketing plans and trade secrets would be available to the competition.[184] This factor alone prevents many plaintiffs from pursuing damages.

Finally, a section 43(a) plaintiff may find himself in a "catch-22" situation.[185] One must take swift action to stop the offending ad. Any delay may hinder attempts to obtain an injunction. On the other hand, once the injunction is secured, the damaging ad will be eliminated. Without the continuation of the abusive ad it will become difficult to collect data of consumer

178. In order to rectify the effect of the injunction as placing a bar on permissible advertising, the wording was modified so that only ads that "falsely or deceptively" represent or claim certain attributes would be enjoined. *Id.* at 1043.

179. The $40 million award in *U-Haul* is certainly an awakening.

180. *See supra* note 104.

181. Product, price, place and promotion are additional factors that affect sales. These elements are known as the 4 P's of the marketing mix. For their interrelationship with advertising, see C. BOVEE & W. ARENS, *supra* note 13, at 174-93.

182. *See supra* note 158 and accompanying text. U-Haul was able to prove the cause of lost sales because of the unique nature of its business.

183. *See supra* note 91.

184. *See* Keller, *supra* note 14, at 244.

185. Donegan, *supra* note 74, at 280.

deception that is needed to prove damages.[186]

The series of comparative advertising cases, initiated by *Skil* and leading to the damages awarded in *U-Haul,* is evidence of a trend of expanded relief. Furthermore, federal judges will continue a progressive use of the Act as they feel more equipped to handle section 43(a) cases.[187] Of course, the overburdened judicial system will only become more overloaded. As to the practical achievement of damages, though, there is no trend. The factors enumerated above are enough of a deterrent for many litigants not to pursue damages. Many plaintiffs are satisfied with injunctions which achieve the goal in a timely fashion.[188] Cases such as *U-Haul* are exceptional,[189] and will continue to be a novelty rather than the norm.

### *B. The Equitable Alternative*

Corrective advertising[190] is an aspect of section 43(a) developments which is ripe for growth and seems to be a more sensible solution. To understand the value of this type of remedy, one must look at the two interrelated injuries that result from an abusive comparative ad. One injury is the lingering or residual effect that the message has on the consumer.[191] The false claims may remain in the consumers' minds, thereby continuing to influence purchase decisions.[192] These impressions might be retained in the public mind well after the abusive advertising campaign has ceased.[193] Furthermore, subsequent truthful ads which are not corrective in nature, may serve to reinforce the deception by stimulating the false perception through continued exposure to the product or service.[194] Courts have determined that ads which reinforce a false belief constitute a "clear and continuing in-

186. *Id.*

187. 4 Advertising Compliance Service (Meckler) at 7 (June 18, 1984).

188. *See supra* notes 69-70 and accompanying text.

189. U-Haul Int'l, Inc. v. Jartran, Inc., 601 F. Supp. 1140 (D. Ariz. 1984) (The deceptive advertising was clear and obvious.).

190. *See supra* notes 120-45 and accompanying text (discussing *Durbin Brass Works* and *Avis,* in which corrective advertising was used or considered).

191. Judge Carroll aptly expressed the effect. "Its message remains in the public mind and can influence consumer decisions long after the newspaper is consigned to the trash bin." *U-Haul,* 601 F. Supp. at 1144.

192. 1 G. ROSDEN & P. ROSDEN, THE LAW OF ADVERTISING § 9.03[3] (1986).

193. Warner-Lambert administered its own "Product Q" survey to determine the effects of its Listerine commercials. *See supra* notes 9,116. It found that consumers continued to believe the false claims after the campaign had been terminated. Six months after the ad was discontinued, 64% of consumers still remembered the message. *See Compelled Correction of False Advertising Claims,* Antitrust & Trade Reg. Rep. (BNA) No. 868, at B-2 (June 15, 1978).

194. *See generally* Note, *"Corrective Advertising" Orders of the Federal Trade Commission,* 85 HARV. L. REV. 477, 493-94 (1971) (discussing the lingering effects that corrective advertising seeks to rectify).

jury,"[195] not only to the consumer, but to the competitor as well. The remedy ordered, therefore, should counter this long-term negative effect.

An injunction merely stops the ad, it does not avert the injury. Monetary awards might compensate for lost sales, but they alter neither consumer perception nor the lingering effect of the abusive ad. Corrective advertising is specifically designed to neutralize the misconception produced by a particular ad.[196] Through the choice of specific words and phrases, placement of copy/audio, and duration of exposure in light of the corresponding elements of the abusive ad, the corrective ad might adequately cure the harm.

Another injurious result of the abusive ad is the unlawful appropriation of an increased market share.[197] Misrepresentations in a comparative ad have the ability to cause a substantial shift in market share.[198] However, even a minor shift can affect a large sum of sales dollars. Once consumers have been persuaded by the false message, the advertiser will be able to retain his increased share of the market until such time as consumers are made aware of the deception.[199] Unquestionably, the advertiser should not profit from his ill-gotten gain. Corrective advertising would work toward reestablishing the fair market share. By achieving this end, the advertiser would be deprived of the unlawfully obtained market share.

At best, the effect that corrective advertising would have on consumer perception would be a return to the status quo, which would be a fair marketplace where the consumer could make intelligent purchase decisions without undue influence.[200] At the very worst, corrective advertising might cause even more confusion,[201] yet even this might have beneficial results. The consumer might become confused about the defendant's product because it does not live up to its claims. Confusion about both the plaintiff's and defendant's products would force the consumer to reevaluate his purchase decision. In effect, the same fair market has been achieved because the consumer must compare and evaluate, making his own decision.

195. Warner-Lambert, Co. v. FTC, 562 F.2d 749, 762 (D.C. Cir. 1977) (although not a § 43(a) case, it offers valuable information about corrective advertising).

196. *See* Pitofsky, *supra* note 71, at 694 (defining corrective advertising); *see also* Keller, *supra* note 14, at 245.

197. *See* 1 G. ROSDEN & P. ROSDEN, *supra* note 192, at § 9.03; Pitofsky, *supra* note 71, at 695-96.

198. *See, e.g.,* Maybelline Co. v. Noxell Corp., 643 F. Supp. 294 (E.D. Ark. 1986). The defendant's advertising had a material impact on a nearly 3% drop in Maybelline's share of the mascara market.

199. *See* Pitofsky, *supra* note 71, at 696.

200. 1 G. ROSDEN & P. ROSDEN, *supra* note 192, at § 9.03[3] n.36.

201. There is a degree of doubt among practitioners as to the effectiveness of corrective advertising. *See, e.g.,* Pitofsky, *supra* note 71, at 698 (enumerating specific circumstances where corrective advertising may be ineffective).

Corrective advertising is the more equitable resolution in situations where consumer reliance is proved. This remedy is specifically targeted at curing the psychological damage wrought upon the consumers. By redirecting the misguided consumer, corrective advertising renews the fair marketplace. By readjusting perception, this remedy will also diminish the defendant's ill-gotten market share. The defendant will be deprived of the benefits created by its unlawful advertising campaign.[202] In a newly legitimized arena, the plaintiff will again be able to compete for purchases through ethical business practices.

## IV. CONCLUSION

A complainant of comparative advertising abuses has many roads to choose in obtaining a remedy. There are a number of public and private organizations that offer redress. In addition, section 43(a) of the Lanham Act has been established as a viable choice for advertising litigants. Although the section's early history saw little development, courts have considerably expanded its scope in recent years. This broadening began with the Lanham Act's first application to advertising cases, with later developments leading to the more recent expansions in remedies. Further growth is expected as complainants of comparative advertising abuses turn to the federal courts for broad reaches of redress.

The injunction has been, and will most likely continue to be, the most popular remedy in section 43(a) cases despite developments expanding relief. It achieves the plaintiff's main goal of removing the offensive ad in a timely fashion. Innovations in section 43(a) litigation have proffered damages in the form of corrective advertising and monetary awards. The order of damages, as enhanced by the provisions of section 35 of the Lanham Act, indicates the increasingly positive reception of the federal courts to section 43(a). It should be noted, however, that monetary awards are hard to obtain because they are difficult to prove. Among the remedies available, corrective advertising appears to be the most equitable. This resolution strikes at the real problem caused by abusive comparative ads, the altered psychology of consumers. By achieving this end, corrective advertising gives more than money or an injunction alone can offer.

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202. 1 G. ROSDEN & P. ROSDEN, *supra* note 192, at § 9.03[3].