

# Fairness Practices in the Regulation of Advertising Industry in the United States

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## ABSTRACT

The principle of fairness is the core idea and focus of attention in the regulation of advertising industry in the United States. In judicial practice, the focus of fair expression has shifted from promoting benign competition to defining deceptive persuasion methods, and then to testing and verifying substantive harmful behavior, ultimately forming a definition centered on consumer protection. Under the judicial framework, fairness refers to legitimate actions between participants in advertising activities — fair competition between advertisers and fair transactions between publishers and consumers. The Federal Trade Commission (FTC) of the United States has established appropriate advertising verification and injury punishment procedures to deal with violators and protect vulnerable consumer groups, in order to achieve fairness, justice, and social function in the overall advertising industry.

**Keywords:** *Principle of fairness, The Federal Trade Commission (FTC) of the United States, Fair competition, Fair trade, Consumer protection.*

## 1. INTRODUCTION

In the regulation history of the advertising industry, as the birthplace of modern advertising, the United States began advertising regulation and legislative actions as early as the early 20th century, with rich governance and judicial experience. The main regulatory agency for the advertising industry in the United States is the Federal Trade Commission (FTC), which was established in 1914 and is the most authoritative and widely functional advertising regulatory agency in the United States. The committee has two main tasks and missions: the first is to promote healthy competition and maintain market order, oppose and eliminate industry monopolies, and prevent unfair competition methods; the second is to provide consumer protection to protect the public from unfair or deceptive business practices constitutes the core essence of the committee's regulation and judicial punishment of the advertising industry. From the tasks and missions of the committee, it can be seen that the principle of fairness is an important spiritual core guiding regulatory and judicial actions in the advertising industry.

The Greek word for Fairness is Nomos, derived from nemo, meaning distribution [1]. Fairness was initially associated with human labor distribution, creating order for material production in society, and later became the basic principle for handling interpersonal relationships in class society. The principle of fairness not only demonstrates people's yearning for good morals and harmonious interpersonal relationships, but also reflects the institutional demand for reasonable division of interests and a healthy social cooperation order, highlighting the theoretical value of universal ethical principles. In advertising practice, the principle of fairness serves as “the anchor of the consciousness of self-interest and others”[2]: Firstly, it divides the legitimate interests in advertising activities and defines the legitimate rights and interests of advertising activity entities such as publishers, consumers, and media platforms; Secondly, it provides action reference for the diverse entities participating in advertising activities, indicating the advertising publisher's duty to care for consumers and the legal responsibility to promote social welfare; Thirdly, in the process of addressing issues such as false misleading, discriminatory prejudice, privacy infringement, and personalized paradoxes in a

targeted manner, it can embody the spirit of fairness and equality in the judiciary and meet the public's expectations for social justice.

Based on this, this study explores the evolution of the principle of fairness in advertising justice in the United States from the perspective of regulatory frameworks, identifies core fairness issues within the advertising justice framework, and summarizes regulatory governance strategies for fair advertising, in order to provide reference ideas for the regulation of China's advertising industry.

## **2. THE EVOLUTION OF ADVERTISING JUSTICE BASED ON THE PRINCIPLE OF FAIRNESS**

### **2.1 "Unfair Competition Methods" (1914-1936)**

The definition of modern fair advertising can be traced back to the early days of the establishment of the Federal Trade Commission. In 1914, the United States Congress approved the establishment of the Federal Trade Commission and passed the "Federal Trade Commission Act". Article 5 (a) of the law defines "unfair competition methods" as illegal behavior, and the Federal Commission immediately investigates unfair advertising practices that violate competition, including reviews of deceptive, misleading, or false statements that have a negative impact on consumers. However, in the final report, the committee stated that "it is impossible to develop a definition that includes all unfair practices, which will be an endless task"[3]. The failure to define unfair advertising has led the committee to use "unfair competition methods" as the only reference standard in subsequent judicial practice. For example, in the *FTC v. Raladam* case of 1931, the FTC argued that the content related to obesity treatment methods in the company's advertisement was false and misleading, constituting unfair competition methods[4]. But in its final judgement, the Supreme Court only considered the competitive impact of false advertising on competitors engaged in similar sales activities in the weight loss drug market. Due to the false advertisement not putting other competitors at a disadvantage, the court dismissed FTC's claim. This case also led the court to strictly limit the scope of FTC's powers, emphasizing the basis for the judgement of "unfair competition methods".

The above judgement indicates that in the early stages of the establishment of the FTC, the "unfair competition methods" only placed the active entities

practicing the principle of fairness among enterprises, attempting to coordinate the conflicts of interests between enterprise entities by regulating the competition mechanism. At the same time, due to the lack of bargaining power among consumers in the buying and selling relationship, they are unable to have a substantial impact on the competitive order, thus being overlooked by the judiciary.

### **2.2 "Unfair or Deceptive Behavior" (1937-1963)**

In 1934, the "unfair competition methods" became loose in a case: in the *RF Keppel&Bro.* case, the FTC proposed that Keppel used candy paper lottery as an incentive to purchase candy when selling it to children[5]. The FTC believed that this behavior is suspected of encouraging children to gamble and is an unethical sales behavior. The Supreme Court supported the committee's view in its ruling and believed that "this competitive method is unfair as it exploits child consumers who cannot protect themselves". In this case, the judicial authorities assumed that unfair advertising behavior mainly depends on the impact on the consumer group it targets. Consumer interests and harm have become the criteria for considering the principle of advertising fairness.

In 1937, the "Wheeler-Lea Amendment" expanded the regulatory powers of the Federal Trade Commission and amended the prohibition of "unfair competition methods" to prohibit "unfair or deceptive behavior or practices"[6]. This adjustment indicates that consumers may be harmed by unfair competition or deceptive practices of the enterprises. Consumers should be protected from the impact of unfair competition methods. In 1938, the "Federal Trade Commission Act" officially revised its wording to consider "unfair or deceptive behavior or practices in commerce as illegal". The act also stipulates that the dissemination of false advertising is an unfair or deceptive practice and should be subject to reasonable regulation[7]. Although there is no clear definition of unfair or deceptive terms, it has taken a more proactive stance on consumer protection issues, capturing the crux of deceptive and misleading advertising that seriously violated the principle of fairness in the market at that time, and enriching the connotation of the principle of advertising fairness.

The amendment of Federal Trade Commission regulations and judicial cases on unfair and deceptive advertising demonstrate that the relevant actors of the principle of fairness are no longer limited to enterprises, and the content of fair regulation is not

only advertising behavior that violates the principle of competition. The principle of fairness of advertising prioritizes the protection of consumers, and any advertising behavior that exploits or infringes on consumer interests will be subject to strict market regulation and judicial punishment.

### **2.3 "Violations of Public Policy and Unethical Acts of Harm" (1964-1979)**

The Federal Trade Commission has always been very cautious in applying the principle of fairness to commercial advertising. Only when advertisements involve public issues that may cause controversy will the principle of fairness be considered for restriction. In 1946, in the Sam Morris case, the FTC forced a radio station to comply with the order to broadcast abstinence public service advertisements during commercial hours, on the grounds that broadcasting views opposite to commercial advertisements was part of the "public interest" obligation, and unilateral commercial advertising views would lead to unfairness of views. From then on, the FTC began to consider the public interest as part of the principle of advertising fairness.

In 1964, in the process of formulating cigarette labels and advertising rules, it was considered unfair or deceptive for a large number of consumers if cigarette advertisements and packaging were not labeled as "smoking is harmful to health and may lead to cancer and other diseases". Therefore, the Federal Trade Commission has issued the "Trade Regulation Rules to Prevent Unfair or Deceptive Practices in Cigarette Sales", which are known as the Cigarette Rules or S&H Standards. The Cigarette Rules have redefined the standards for unfair advertising: firstly, whether it violates public policy; Secondly, whether it is immoral, unethical, oppressive, or unscrupulous; Thirdly, whether it has caused substantial harm to consumers (or other competitors)[8]. The above three standards attempt to be promoted to a wider commercial advertising industry, but due to opposition from some industry associations, their popularity is limited, and they have also undergone minor adjustments in specific advertising practices:

Public policies can be implemented in some cases, but the standards are not clear and specific regulatory paths have not been derived, so in most cases they are only used as a reference; The substantial harm to consumers is an important criterion for considering advertising fairness. Following the expressions of unfair and deceptive advertising, substantial harm constitutes the core content of judging unfair

advertising; Immoral and unethical standards are often overlooked in the vast majority of cases, as enforcers believe that unfairness in judicial practice itself implies a violation of recognized business ethics standards, and unethical behavior almost always harms consumers or violates public policies. Therefore, the committee never used it as a basis for determining unfairness, but only took action based on the first two elements. It can be seen that clear operational standards are needed in judicial practice, and internalized moral standards are abandoned due to their inability to be tested. The establishment of cigarette rules makes consumer protection more specific and operational, and the consideration of public policy also reflects the public welfare function of advertising to a certain extent.

### **2.4 "Substantive Harm That Cannot Be Avoided or Offset" (1980 - Present)**

In 1975, the "Magnuson-Moss Warranty Act" granted the commission the power to establish trade regulatory rules to specify implementation plans that prohibit unfair or deceptive behaviour [9]. Through the implementation of the 1964 Cigarette Rules, Ratner and other law enforcement officers found that there were no cases where the committee confirmed the unfairness of the practice by strictly adhering to every standard of the Cigarette Rules. The committee also did not declare that all criteria must be met to support unfair judgements. Therefore, the concept of unfairness, which already has many limitations, has become more blurred, and there is an urgent need for a new definition of the principle of fairness in advertising practice.

The FTC proposed in its 1980 policy statement that unfair standards should continue to be improved in cases and laws. In current standards, unreasonable consumer harm is the most important aspect. Therefore, the FTC proposed a test to examine substantive harm to determine the specific manifestations of unfairness. The harm to consumers should meet the following requirements: the first is the substantive requirements. The essence of harm includes causing property or physical damage to consumers, as well as coercing them to purchase unnecessary products or services. The second is that it cannot be offset by reasonable behavioral reactions. The effect of harm should fully consider the pros and cons of the approach to consumers, and only when the net effect is negative can it be judged as harm. In other words, if a merchant offsets the harm by lowering prices or other remedial measures, it is not considered unfair. The third is that consumers

themselves cannot reasonably avoid it. The occurrence of harm must be something that consumers have no ability to prevent, Such as, concealing key performance data of products, coercive sales methods, or promoting products to consumers that they cannot fully understand, etc.[10] Through the definition of substantive harm, the definition of unfairness was ultimately confirmed in the form of a bill in the 1994 amendment: acts or practices that cause or may cause substantial harm to consumers. This kind of harm cannot be reasonably avoided by consumers themselves, nor can it be offset by other related interests. Public policies and other evidence can also be considered together, but cannot be used as the main basis for decision-making.

From then on, the definition of unfair advertising was finally determined. Based on substantive harm to consumers as the core basis, the unfair judgement referring to other public policies has been proven to have broad applicability. Throughout the history of FTC's definition of unfair advertising, it can be found that on the one hand, in the evolution of the concept of unfair advertising, the new and old definition standards are not a substitute relationship, but constantly contain a perfect relationship. After nearly a century of development, the current definition has the greatest universality and practicality for the modern advertising market. On the other hand, judicial practice pays more attention to the definition of "harm" behavior, and the interpretation of the principle of advertising fairness has also been transformed into an induction of unfair advertising phenomena. From this, it can be seen that the principle of fairness required in judicial practice is a concept that can be operationalized in management regulations, relying on the coercive power of the law for regulation. Compared to the moral consensus in interpersonal communication and the self-discipline in organizational and personal communication, judicial practice has stronger institutionalized power and the cost of violation is also more serious.

### **3. FAIRNESS ISSUES UNDER THE FRAMEWORK OF ADVERTISING JUSTICE**

In the advertising judicial practice of FTC, the principle of fairness is often expressed as a prohibitive requirement to prohibit the use of unfair competition methods in business and to declare unfair or deceptive behavior illegal, in order to regulate and punish illegal advertising behavior. Among them, the former focuses on market competition among advertising publishers, constructs a benign

competition order by formulating competition standards and behavioral regulations, promotes fair participation of advertising publishers in competition, and provides high-quality products or services. The latter emphasizes fair trade between advertisers and consumers, protects the legitimate rights and interests of consumers, and avoids and stops substantive harm to consumers by combating deceptive and misleading behavior in advertisements. Fair competition and fair trade align with the goals and mission of the FTC, and are the core fairness issues within the framework of advertising justice in the United States.

#### ***3.1 Fair Competition Among Advertising Publishers***

Before the enactment of the "Federal Trade Commission Act", prohibitions on unfair competition methods came from the "Sherman Antitrust Act" of 1890 and the "Clayton Antitrust Act" of 1914. These two respectively define and regulate behaviors such as trust, monopoly, enterprise merger, and price discrimination, aiming to promote healthy competition between enterprises, limit monopolies, and provide consumers with a wide range of product and service choices. The two antitrust laws and the "Commission Act" together constitute the fundamental requirements for market competition in all industries in the United States.

In the "Committee Law", "unfair competition methods" are explicitly stated. This formulation is different from the expression of competition damage in the "Anti-Monopoly Law". Unfair competition methods must go beyond the normal scope of competition and cause or may cause damage to the competition process or results. There are two key criteria for evaluating competitive behavior: firstly, the behavior may be coercive, exploitative, deceptive, predatory, or involve abuse, collusion, restriction, exclusivity, and other similar economic activities. Secondly, this behavior must tend to have a negative impact on the competitive environment, including exploiting or damaging opportunities for market participants, reducing market competition, and limiting consumer choices[11]. In addition, the negative impact involved in the second criterion not only includes actual harm in specific cases, but other practices such as raising prices, reducing production, reducing quality, reducing innovation, weakening other market participants, or reducing the likelihood of competition are also included in the list of "unfair competition methods" due to the tendency to have negative consequences.

In advertising activities, unfair competition methods mainly manifest in the following aspects: the first is the comparative advertising. The most common expression in comparative advertising is to set the reference object "X brand"[12]. Advertisers, in order to demonstrate their product and service advantages, use X brand, which has a direct competitive relationship with their own products, as a reference point. Through publicly comparing performance parameters, they discuss the viewpoint that "it is better than X brand". But this kind of comparative advertising can easily raise fairness issues: Chevins suggests that caution should be given to comparing and belittling the two keywords - comparing only emphasizes similarity and difference, while belittling is blaming or defaming competitors[13]. The 4A Association believes that comparative advertising should adopt the same authenticity and aesthetic standards as other types of advertising, and marketing communication agencies should compete based on performance rather than attempting to denigrate or belittle competitors[14]. The FTC also stipulated in its policy statement in 1979 that comparative advertising should explicitly mention competitors to avoid deceiving consumers; Advertisers need to provide higher proof standards for comparative advertising, and prohibit all derogatory and unfair attacks on competitors[15].

The second is specific product identification and source area information. Product identification and source area information are important external clues for consumers to evaluate products. Due to the origin country effect, the use of "Made in X country" or other source area labels in advertising and labeling will have an impact on competitors in other product source countries. In other words, when advertisers include deceptive origin information in their advertisements or labels, this practice not only harms consumers, but is also suspected of gaining improper competitive advantages over other market competitors, which should be regulated and managed. In its 1998 policy statement, the FTC stated that advertisers should provide reasonable evidence to support their claims of origin, and that when using the label "all or almost all manufactured in X country", all important components and processing processes in the product must originate from that country[16].

### ***3.2 Fair Trade Between Advertisers and Consumers***

Fair trade is an important legal principle that operators and consumers must follow when

conducting transactions. Advertisers should follow the principles of fairness, equality, reasonableness, and voluntariness when exchanging "product services - value benefits" with consumers. The profits of buyers and sellers in the transaction should be balanced, and the rights and obligations enjoyed and fulfilled by each other should be equal. However, under free market conditions, advertisers have advantages in terms of behavioral ability, product information, and decision-making resources, while consumers, due to their weak abilities and information, rely on the information provided by publishers to judge the value of products and services, making them susceptible to being deceived by improper marketing methods and causing harm. Therefore, as a third-party judicial authority, the FTC legislates one-way regulations on the behavior of advertising publishers and protects the rights of consumers as a vulnerable party. Among them, the right to fair trade is an important link in the protection of consumer rights, ensuring that consumers can obtain the products and services promised by publishers through transactions.

In the judicial evolution of FTC's advertising, the term "fair trade" originated from the RF Keppel&Bro. case in 1934, with a typical expression of "unfair or deceptive behavior". Among them, "unfairness" is usually based on the general judgement principle of cost-benefit analysis, while "deception" is a simplified and perfect subset. Cohen summarized several situations of deceptive behavior in advertising: claims are incorrect, half true and half false, contain insufficient information, may be true but proven to be false, "literally" or "technically" true but creating false implications[17]. The FTC's definition of deceptive advertising in its 1983 policy statement includes three elements: firstly, it must be a statement, omission, or practice that may mislead consumers; Secondly, examine this approach from the perspective of consumers acting reasonably; Thirdly, statements, omissions, or practices must be "substantial"[18]. The deception test of the three elements highlights the key link of deceptive advertising in violating fair trade between publishers and consumers and infringing on the legitimate rights and interests of consumers, which can mislead reasonable consumers in substantive aspects. According to this logic, providing false and erroneous information, omitting or concealing important information, and making incorrect suggestions all result in inappropriate information gaps between publishers and consumers, and should be classified as deceptive advertising.

In the digital age, deceptive advertising mainly manifests in the omission and concealment of information, such as advertising news, product placement, search engine advertising, sponsored reviews, information flow advertising, influencer marketing, etc. These advertisements are often mixed with news, feature articles, consumer reviews, and other entertainment content, integrating content style and layout into media platforms, masking the typical information or identification that consumers rely on to identify product advertisements or commercial sponsorships. In response to this, the FTC issued a policy statement in 1970 regarding television advertising disclosure: disclosure content in audiovisual media should follow the "Clear and Conspicuous Standard", highlighting disclosure information in terms of form, font size, background differentiation, duration, proximity to location, and ensuring that audiences understand the full meaning of disclosure[19]. In 2015, the FTC released a corporate guide on native advertising, which stipulated the distance and location of disclosed information on the website, emphasized that advertising disclosure should be prominent for consumers to identify, pointed out that information disclosure must make consumers understand the commercial nature of native advertising, and recommended using simple and clear language for explanation[20]. From the policy statement of the FTC, it can be inferred that information disclosure, by emphasizing the nature of content payment and the identity of publishers, provides consumers with sufficient information for their reference to avoid deception and narrow the information gap, is a key link in promoting fair transactions between advertisers and consumers.

In addition to information fairness, the standard for measuring fair transactions also includes respecting consumer wishes during the transaction process. Only when it is voluntary and there is no mandatory or discriminatory transaction, can the fairness of the transaction be proven. In advertising campaigns, a portion of consumers who are "susceptible" and "lacking in ability" are considered vulnerable consumer groups, including children, the elderly, ethnic minorities, etc. The problem of children's advertising is the most representative: due to the lack of cognitive abilities of adults, children are unable to understand commercial advertising like adult consumers, making them particularly susceptible to the influence and manipulation of advertising. The FTC attaches great importance to the issue of children's advertising: between 2000 and 2009, the FTC conducted seven tracking reviews on

"marketing violent entertainment to children" in the film, music, and video game industries, committed to prohibiting and sanctioning targeted marketing targeting children; Since 1980, the FTC has been focusing on food marketing for children and adolescents to promote effective industry regulation and help combat childhood obesity; In 1998, the FTC issued the "Children's Online Privacy Protection Act", which established the Children's Online Privacy Protection Rules (COPPA) and regulated the personal information collection behavior of online service operators for children under the age of 13. In addition, the FTC has also formulated the "Prevention and Prosecution of Elderly Abuse Act" and the "Protection of Indian Tribes from Fraud Act" to address the special issues of the elderly and ethnic minorities, respectively, in order to safeguard the fair trade rights of the elderly and Indian communities.

#### **4. REGULATORY AND GOVERNANCE STRATEGIES FOR FAIR ADVERTISING**

In the regulatory and judicial evolution process of the advertising industry, the principle of fairness has always been the focus of FTC's attention. In addition to constantly adjusting the fair expression and focusing on core fairness issues in advertising legislation, the FTC provides effective regulatory governance strategies to ensure fairness in advertising practices. On the one hand, in order to promote a fair and healthy competitive order, the FTC has begun to develop operational plans for comparative advertising, requiring advertisers to provide proof of product identification, raw materials, origin, and other information, and supporting the approval of environmental recognition seals; On the other hand, in order to protect the legitimate rights and interests of consumers, promote fair transactions, the FTC has actively carried out punishment and governance of harmful behaviors in advertising, corrected and dealt with deceptive advertising, punished relevant illegal entities, provided special protection for children, the elderly, and ethnic minorities, and strictly supervised and regulated areas closely related to consumer health such as alcohol and medicine to ensure maximum care for consumers on the disadvantaged side.

##### ***4.1 Advertising Confirmation That Promotes Healthy Competition***

In 1983, the FTC issued a policy statement on advertising confirmation: firstly, advertisers should comply with the basic legal requirements regarding

advertising confirmation, that is, have a reasonable basis before spreading advertising claims; secondly, the product or service must have at least the level of proof claimed in the advertising claim; thirdly, it should be confirmed that the program can be used to conduct public investigations of multiple companies offering similar claims within the target industry; Fourthly, in claims and confirmation cases, the FTC determines the behavior of the involved enterprise based on the evidence obtained after entering judicial proceedings; Fifth, the FTC will refer to the evaluation standards of industry associations and self-regulatory organizations, but maintain the independence of regulatory policies and law enforcement actions, and make judgments based on actual cases[21].

According to the above verification criteria, the FTC's advertising content verification on promoting healthy competition mainly reflects the requirement of strict authenticity standards and providing accurate factual basis when comparing competition, product origin, and providing other public interests that consumers focus on. This measure can ensure that the value of benefits in advertising content is tangible and credible, and completely limit advertising claims to reasonable competitive behavior to avoid the possibility of harm to the competitive process or results.

Firstly, in comparative contexts, in addition to prohibiting malicious belittling, smearing, and vilifying competitors, the FTC requires rigorous evaluation and argumentation of comparative advertisements using all other advertising techniques. The key aspect of argumentation is whether the advertisement has a false or deceptive inclination or the ability to mislead. FTC typically uses measurement standards for deceptive advertising to determine the nature of unfair competition by verifying the deceptive and misleading tendencies of advertising claims towards consumers. At the same time, when comparing brands, advertisers should clearly mention and disclose comparison points such as price, innovation points, and usage methods, and provide accurate evidence for better service evaluation to help consumers make rational purchasing decisions. In addition, FTC prohibits unfounded comparisons, and brand comparisons by publishers must revolve around core interests to avoid providing consumers with meaningless redundant information.

Secondly, when advertising involves product identification, materials, production processes, place of origin, and other related content, FTC requires the

authenticity and accuracy of the claims: in terms of place of origin, when using the "Made in the United States" label, publishers assume that "all or almost all" of the products are manufactured in the United States. All important parts, processing, and labor in the product must originate from the United States and should not contain any (or negligible) foreign content. In terms of materials, textiles and wool products should be labeled with origin labels to identify the countries and regions in which they are processed or manufactured. In terms of production processes, automotive products should focus on the production process, disclose their assembly location, percentage of equipment originating from the United States, and information on the origin of key components such as engines and transmissions[22].

Finally, when incorporating environmental benefits and green claims in advertisements, advertisers should not make general environmental claims that are broad and inappropriate, such as "green" or "eco-friendly," as they are difficult to prove. Publishers should provide sufficient and reliable scientific evidence to support and limit their general claims, and ensure that the evidence presented is clear, prominent, and specific, enabling consumers to understand their significant benefits to the environment. When it comes to special green topics such as carbon emissions, biodegradability, compostability, non-toxicity, recyclability, and renewability, publishers should use appropriate calculation methods to accurately measure actual environmental benefits and costs. If the environmental costs exceed the environmental benefits they provide, their green claims are considered deceptive[23].

#### ***4.2 Providing Consumer Protection with Harm Penalties***

The law, as the bottom line ethical spirit and institutionalized morality, is concentrated in the respect for human rights principles and the mandatory obligation to prohibit harm. The principle of human rights is a fundamental value proposition and a priori moral axiom derived from all ethical theories, and it is also the highest law that human society cannot ignore. The prohibition of harm is a fundamental moral consensus and mandatory obligation derived from human rights principles. John Mill proposed that the prohibition of mutual harm is the most important for human welfare, and only by protecting everyone from harm from others can it become the most concerned and effective moral rule for everyone[24]. Therefore, FTC's advertising

regulation and judicial procedures adhere to the basic principles of respecting human rights and prohibiting harm: it is committed to punishing and sanctioning harmful behavior in advertising, preventing "unavoidable and offsetting substantive harm" to consumers, protecting their legal rights and achieving fair transactions between advertisers and consumers. The punishment for harmful behavior provided by FTC for consumer protection mainly manifests in three aspects: correcting and dealing with advertising deception, protecting special vulnerable groups, and implementing special restrictions and management on special product advertisements.

Firstly, the harm to ordinary consumers comes from deceptive advertising. The FTC, in accordance with Article 5 (b) of the Commission Act and Articles 19 (a) and 19 (b) of the amendments to the FTC Act issued in 1975, issues a "stop and terminate" order for deceptive advertising that creates or strengthens false beliefs in the public's mind. The Commission also initiates legal proceedings to sue the court, seeking civil penalties against the violator. If an advertisement can still have an impact on the beliefs and actions of consumers after its cessation of dissemination, and has obvious and sustained harm to consumers, the FTC has the right to order publishers to take more proactive remedial actions, such as publishing corrective advertisements that inform consumers of previous deceptive content, in order to terminate its adverse effects.

Secondly, the FTC provides special care for vulnerable groups who lack discrimination ability. In child protection, the FTC conducts industry surveys targeting children, advocating for limiting the time of advertising in children's programs and examining the deceptive and misleading nature of advertising from the perspective of children's reasonable behavior; FTC focuses on the nutrition and ingredients of children's food, cracking down on deceptive advertising campaigns for weight loss, health, and special nutritional ingredients; FTC focuses on protecting children's privacy and requires operators to obtain the informed consent of their guardians before obtaining personal information about children. In the protection of the elderly, FTC focuses on advertising activities that may cause abuse, neglect, exploitation, and fraud to the elderly, and initiates legal proceedings in related cases, working with criminal institutions to track down fraudsters. In the protection of ethnic minorities, the FTC collaborates with Native American tribes and submits fraud reports against Native American tribes to Congress to curb harm to Native American tribes.

Finally, the FTC specifically manages special product advertisements closely related to consumer health: in medical drug advertisements, the FTC collaborates with the Food and Drug Administration (FDA) to examine and regulate prescription drug advertisements, verifying the authenticity of drug efficacy and other side effects; In health food advertisements, FTC reminds consumers to pay attention to the true health benefits of the product and seeks professional assistance from other government agencies, such as the National Institutes of Health in the United States; In alcohol advertising, FTC emphasizes that its advertising audience should be adults aged 21 and above. The FTC also reviews the implementation plans and specific actions of the alcohol industry in preventing advertising targeting minors in its 2003 report[25]; In tobacco advertising, the FTC stipulates that all cigarette packaging, cardboard boxes, and other containers must clearly indicate the health hazards of smoking.[26] It is prohibited to make unverified statements about ingredients such as nicotine, tar, or cigarette smoke in advertisements, or to distort or conceal the health consequences of smoking in other ways.

## 5. CONCLUSION

In summary, the principle of fairness is the core principle and focus of the Federal Trade Commission's regulation of the advertising industry, and its interpretation and practice run through all aspects of advertising governance and judicial action. In the process of judicial evolution in advertising, the expression of the principle of fairness has evolved from the initial "unfair competition methods" among advertisers, to the consideration of "unfair or deceptive behavior" that affects consumers, and then to the definition of "substantive harm" that emphasizes consumer protection. The definition of fairness in the legal system is determined by the core consideration of consumer protection and the interpretation of harm behavior. Under the framework of advertising justice, the core fair issues that FTC focuses on are "fair competition" between publishers and "fair trade" between publishers and consumers. The former constructs a benign competitive order by comparing advertising and product labeling through regulations; The latter aims to combat deceptive and misleading advertising, respect consumer autonomy, and protect the legitimate rights and interests of consumers. In advertising regulatory strategies, FTC releases advertising confirmation standards to ensure the authenticity of advertising content on the one hand; On the other hand, it punishes and sanctions harmful



behavior in advertising, corrects erroneous advertising content, and provides specialized governance measures for vulnerable groups and special product advertisements to ensure the fairness of advertising activities through fair and just judicial procedures.

From the regulatory path of the advertising industry in the United States, it can be seen that the principle of fairness, as the anchor of the consciousness of self-interest, plays a prominent role in defining the rights and obligations of advertising activity subjects, dividing the attribution of legitimate interests, and achieving orderly competition and legitimate transactions in the advertising market. The experience of advertising regulation and governance in the United States provides new ideas and solutions for the regulation of China's advertising industry, and its exploration of fairness issues and regulatory strategies are worthy of reference and reference by China's advertising management departments.

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