

LAW OF GEORGIA ON ADVERTISING

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Chapter I. General Provisions

Article 1. Advertising Legislation of Georgia

The advertising legislation of Georgia is composed of the Constitution of Georgia, international treaties and agreements, this Law and other legislative and regulatory acts of Georgia.

Article 2. Purpose of Law and Sphere of Application

1. This law regulates the legal relations arisen within production, placement and distribution of advertising on the Georgian commodity (works, services) and financial markets (including the securities market).
2. The purpose of Law is promotion of fair competition in the advertising sphere, protection of public interests, rights of the advertising subjects and consumers, prevention and elimination of improper advertising.
3. The law is applied to natural and legal persons of Georgia and foreign countries who produces, places and distributes advertising in Georgia on the grounds of registration under the established rule.
4. The law is also applied when the advertising activity of Georgian natural and legal persons outside Georgia causes (may cause) the certain negative results (restriction of competition, misleading of other natural and legal persons) on the territory of Georgia.
5. The law is not applied to the political advertising.
6. The law is not applied to those advertisements of natural persons which are not directly connected with entrepreneurship.

Article 3. Terms Used in the Law

1. *Advertising* is the information about goods, services and works (hereinafter – the product), natural and legal persons, ideas and initiatives to be spread through any means and by any form, that is intended for the unlimited circle of people and serves formation and keeping of

interest in the natural and legal persons, product, ideas and initiatives as well as promotion of sale of the product, idea and initiative.

2. *Improper advertising* is unfair, unreliable, non-ethical, obviously false or other promotion where the requirements for its content, time, place or distribution established by the law of Georgia are violated.
3. *Unfair promotion* is advertising that contains incorrect comparison of the promotable product with the product of other natural and legal persons, declarations abusing the name, dignity and reputation of a competitor or third person, discredits those natural and legal persons who do not use the promotable product as well as such advertising that misleads the consumer of features of the promotable product by misuse of lack of confidence or knowledge and experience of natural persons.
4. *Unreliable promotion* is advertising that contains untrue information of the advertising customer, product specification, content, place of origin, procedure and date of production, purpose, consumer quality, use, certificate, marks, conformity to the state standards, quantity, availability of the product on the market, availability of purchase of it on indicated place and in the fixed term, cost (price) of the product within the advertising period, additional terms of payment, delivery, return, maintenance, warrant obligations, expiration term of the product, the right of use of state symbols (flag, emblem, anthem), official recognition (messages of thanks, awards, diplomas and other distinctions), research and testing results, actual demand for the product.
5. *Non-ethical advertising* is advertising that by insulting nationality, race, occupation, social belonging, age, sex, language, religious, political and philosophical faith violates the universally recognized humane and ethical norms, encroaches on the objects of monuments of history and architecture of the national and worldwide cultural treasury, desecrates the state symbols (flag, emblem, anthem), national currency, religious symbols, natural or legal persons of Georgia and other countries, their activity, occupation or commodity.
6. *Obviously false advertising* is advertising through which the advertising customer (advertising producer, advertising distributor) deliberately misleads the advertising consumer.
7. *Counter-advertising* - contradiction of the improper advertising.
8. *Advertising customer* – a natural or legal person who presents a source of advertising information for its further production, placement and distribution.
9. *Advertising producer* – a natural or legal person who gives the finished image to the advertising information for placement and distribution.
10. *Advertising distributor* – a natural or legal person who places and/or distributes the advertising, using the means of property (including radio and TV facilities, communication links, air time and other media).
11. *Advertising consumer* – a natural or legal person for whom and/or effecting on whom the advertising information is intended.

12. *Tobacco advertising* is promotion of tobacco products or tobacco manufacturer's trade mark, logotype, tobacco product, its box, case, process of use or demonstration of activity related to it.
13. *Alcohol advertising* is promotion containing the trade mark, logotype of an alcohol drink or alcohol manufacture, demonstration of its tare, process of use or activity related to it.
14. *Strong drinks advertising* is promotion of alcohol drinks containing spirits more than 14%.

Chapter II. General and Special Requirements to Advertising

Article 4. General Requirements to Advertising

1. The advertising shall be clear from the very moment of its presentation without use of special knowledge and facilities as the direct advertising.
2. Advertising is spread all over Georgia in the national language. This requirement does not concern those transmissions and programs which are spread in another language, but, however, the owners of trade (service) mark (logotype) registered in the foreign language and placed in Georgia, shall undertake to provide it in Georgian language through transliteration.
3. Matter of observance of language standards in the advertisement are regulated by the law of Georgia.
4. Advertising of the product which production and sale is prohibited by the law of Georgia or requires the special permit (license) but such permit is not obtained, as well as advertising of that economic agent the activity of which requires the special permit (license) but such permit is not obtained, is not allowed.
5. Advertising of that product which requires certification shall be accompanied with note "certified".
6. Placement and distribution of the improper advertising is prohibited. Such action causes responsibility provided by the law of Georgia with respect to the committed action, quality and nature of public threat.
7. Use of image or name of a natural person without his/her permit is prohibited.
8. Use of objects of special rights (intellectual property) in advertising is allowed in accordance with the rule provided by the law of Georgia .
9. Advertising shall not prompt the citizens to violence, aggression and chaos, shall not call them to perilous actions that can cause damage to the human health or theater human safety.
10. Differentiation of advertising fees according to the kinds of advertisable product is prohibited.
11. The advertising transmitted from foreign countries to Georgia that contradicts the Georgian advertising legislation shall be banned in accordance with the law of Georgia and international agreements.

Article 5. Advertising in Mass Media

1. Simultaneous stimulation of the advertising consumers' interest in the concrete brand (model, articles) of product, manufacturer, executor or seller without pre-caution that it is advertising in the not advertising radio, TV, video- audio- and film products and editions is prohibited.
2. Interruption of the below listed radio and TV-broadcast with advertising is prohibited:
 - a) children and religious programs;
 - b) address of the President of Georgia, plenary sessions of the Parliament of Georgia, official governmental arrangements, formal addresses of state officials;
 - c) programs with duration of less than 15 minutes.
3. Educational programs may be stopped with advertising not more than once in 15 minutes and for not more than 45 seconds and the programs the duration of which is less than 1 hour – not more than 3 times within the broadcast (programs with duration from 15 to 30 minutes – once, from 30 to 45 minutes – twice, from 45 minutes to 1 hour – three times).
4. When advertising in the cover kind, including the use of “moving line”, the size of advertisement shall not exceed 7% of the sequence width.
5. Advertising in radio and TV-programs shall not exceed 15% of total broadcast within 24 hours, and 20% - of each hour within the air time, except the social advertising and special advertising radio and TV-programs registered as advertising broadcast.
6. Stop of demonstration of a movies in cinema and video-service with the advertising is prohibited except intermissions between the series (parts).
7. Within the free informational telephone service the advertising may be provided to a subscriber only after his/her notification on information.
8. Within the telephone, computer and other paid information service the advertising may be provided to a subscriber with his/her consent only. The cost of such advertising should not be included in the cost of information required by the subscriber.
9. Distribution of advertising via telex or fax without previous consent of a subscriber is prohibited.

Article 6. Outdoor Advertising

1. Distribution of advertising in Georgian cities, villages and on the territory of other administrative and territorial units is allowed by use of posters, stands, illuminated signs, other facilities of fixed territorial placement (outdoor advertising) in accordance with the rule provided by items 2-8 of this Article.
2. Outdoor advertising shall not be like the road signs and pointers; it shall not worsen the visibility of those signs, pointers and road, shall not jeopardize the traffic and pedestrians. The advertisements placed on buildings and constructions shall not worsen their architectural

appearance and shall be constructively stable. The outdoor advertising distributed in any kind shall not disfigure the monuments of history and architecture of the national and worldwide cultural treasury.

3. The permit on placement and distribution of the outdoor advertising is issued by local self-government and administration bodies in writing without interfering into the advertisement content.
4. The local self-government and administration bodies shall have the plan of distribution of outdoor advertising (with respect to advertising size, share and expediency) to be agreed beforehand with:
 - a) the appropriate road management body and territorial traffic police unit – when the territory of advertising is located in the area belonging to the roads or adjacent areas (outside settlements);
 - b) the territorial traffic police units – on the territories of urban and rural settlements;
 - c) the appropriate railways management body – when the territory of advertising is located in the area belonging to the railways;
 - d) the Head Scientific and Production Department for Protection and Use of Monuments of History and Culture of Georgia or its subordinate structural units in regions – in the presented areas of nature, history and culture, protected areas and national parks.
5. The rule and amount of payment of the fee for obtaining the permit on advertising shall be determined by the law of Georgia.
6. Distribution of outdoor advertising over the territory (including the monuments of culture, ritual objects, protected areas), on buildings and constructions (or adjacent territories) and other objects as well as the amount and rule of payment of the fee for such advertising shall be established on the grounds of agreement made with the owner (or a person obtaining the ownership of this property) unless the law or agreement provides otherwise. At the same time the availability of permit provided by item 3 of this law is required.
7. The outdoor advertising shall mention the number of permit issued by a local self-government and management body on distribution of advertising.
8. A copy of permit issued by a local self-government and administration body shall be in 5 days submitted to the Georgian State Antimonopoly Service local body.

Article 7. Transport Advertising

1. Advertising on the transport means is performed on the grounds of contract made with the owner of appropriate transport means (or a person obtaining ownership of transport means), unless the law or agreement provides otherwise.
2. For protection of traffic safety the cases of restriction and ban on advertising on the transport means shall be determined by the appropriate body of Ministry of Internal Affairs of Georgia.

Article 8. Advertising of Alcohol Drinks and Tobacco Products

1. Advertising of alcohol drinks and tobacco products irrespective of the rule of distribution shall not create impression that the use of alcohol or tobacco contributes to the improvement of physical and mental state, achievement of success in the public or sport fields.
2. Advertising shall not discredit abstention from alcohol or tobacco use. At the same time it shall not contain information on their positive medical qualities.
3. Any advertising of strong drinks and tobacco products in avenues, bridges, squares (and adjacent territories within 20 meters) of cities and other settlements and transport means is prohibited.
4. Direct appeal of the advertising of alcohol drinks and tobacco products to the minors as well as any such advertising in cinema and video service, radio- and TV-broadcast, editions intended for the minors is prohibited.
5. Advertising of alcohol drinks and tobacco products at children, educational and medical institutions, culture and sport organizations and within 100 meters radius of them is prohibited.
6. Advertising of alcohol drinks and tobacco products shall not contain demonstration of the process of use of such drinks and product, the appeal for their use, demonstration of box, case of tobacco product and alcohol drink tare open as well as shall not violate the universally recognized, humane, ethical and moral norms of ethnopsychology is prohibited.
7. Advertising of alcohol drinks and tobacco products via radio and TV, newspaper type pages, magazine covers is prohibited.
8. Advertising of tobacco products (except that via radio and TV) shall be accompanied with the warning about the harmfulness of smoking. The tobacco products advertising shall contain, namely, the following text written with big black letters against the white background: “ Health Ministry is warning: the smoking is harmful for your health’.

Such advertising shall also contain one of the following statements: “Smoking causes cancer”, “Smoking causes heart diseases”, “Smoking causes early death”, “Smoking endangers fetus’ health within pregnancy”, “Passive smoking is harmful for health”. Such information shall occupy at least 10% of the total advertising amount.

Article 9. Advertising of Medical Product (Service)

1. Advertising of medical remedies, articles of medical purpose and medical equipment is prohibited if their production and/or sale is not permitted; advertising of treatment, prophylaxis, diagnostics and rehabilitation methods is prohibited if not allowed by a special permit issued by the health bodies of Georgia, even in case of obtaining the patent on invention in the said sphere.

2. Distribution of the advertisement of medicines that convinces the consumer that the use of it does not require the physician's consultation, that it has no accompanying effects, that its use will efficiently improve the health and dismissal of it will worsen the health, that the medicines may be used as the food products, cosmetic means or other consumer's objects is prohibited.
3. Advertising of medical remedies not registered in Georgia and of those medicines that are to be issued under the physician's prescription and/or contain narcotic, psychotropic, poisonous or radioactive substances is prohibited.
4. Advertising of articles of medical purposes and medical equipment the use of which requires special training is allowed in those editions which are intended for employees of the medical and pharmaceutical field (provided item 1 of this Articles).
5. In advertising intended for the unlimited consumer's circle (including the signboards of trade objects) the following diseases and illnesses are prohibited to be mentioned:
 - a) diabetes and other illnesses caused by metabolism infringements;
 - b) sexopathology and venereal diseases;
 - c) other serious infections diseases;
 - d) chronicle insomnia;
 - e) tuberculosis.

Article 10. Arms Advertising

Advertising of fighting arms is prohibited. Advertising of all other kind of arms, including the sporting guns is allowed only under the special permit to be issued by the appropriate internal affairs body of Georgia.

Article 11. Securities Advertising

1. The aim of advertising of issue and placing of securities is informative ability. The offering and providing of securities takes place only through prospectus of their issue.
2. Advertising of securities shall indicate:
 - a) the issuer's name;
 - b) the underwriter's name and address;
 - c) personality and address of the persons authorized for placing;
 - d) when and where may a potential investor acquire the issue prospectus or familiarize with them;
 - e) license number and name of the body issued the license.
3. When advertising the securities the following is prohibited:
 - a) advertising of securities before the state registration of their issue prospectuses;

- b) dissemination of any other information except that one indicated in the issue prospectus;
- c) advertisement of any guarantee, promise or opportunity of further efficiency (profitability) of the business, including that one on increase in the rate value of securities.
- d) indication of the guaranteed amount of dividends for ordinary stocks;
- e) any attempt and effect of self-quoting of the own securities by an issuer.

Article 12. Social Advertising

1. The social advertising is the object of public and national interests, is aimed at the achievement of charitable purposes, protection of people life, health and property as well as environment. The permit on placement and distribution of social advertisement with respect to the advertising character will be issued by the appropriate governmental and local self-government and administration bodies.
2. No commercial organizations and individual entrepreneurs, concrete brands (models, articles) of their product (as well as concrete brands (model, articles) of the product that is the result of collateral entrepreneurship of a non-commercial organization shall be mentioned in the advertising.
3. The unpaid activity of natural and legal persons for production and distribution of social advertising as well as transfer of own property, including the money by those persons to other natural and legal persons for such purpose is deemed as the charitable activity that enjoys privileges under the law of Georgia.
4. Advertising organizations the activity of which is totally or partially financed from the state budget are obliged to place the social advertising presented by the government body free of charge in limits of at least 5% of the annual ad time (printing space).

Article 13. Sponsorship

As per this law the sponsorship is gratuitous contribution of a natural or legal person (sponsor) to the activity of another natural or legal person (in kind of property, results of intellectual activity, service or work). The sponsor has no right to interfere into the activity of producer and distributor of the advertising. The producer and distributor of advertising has no right to distribute other information than the sponsor's name and trade mark, that is the advertising of product (service) produced by the sponsor. Sponsorship of TV-programs is prohibited to those persons the advertising of which product or activity is prohibited by this Law.

Article 14. Protection of Minors Within Production, Placement and Distribution of Advertising

In order to protect the minors from abusing of their naivety and inexperience within production, placement and distribution of the advertising the following is prohibited:

- a) to suggest minors to confidence their parents or other persons in necessity of purchase of the advertised product;
- b) to attract attention of the minors that availability of the advertised product grants any priority to them with respect to other minors and its lack causes the contra effect;
- c) placing of such text, audio and video information in the advertising that shows the minors in the dangerous place and situation;
- d) unforeseeing of the necessary level of skills required for use of the product for the minors. At the same time if the results of use of product are demonstrated or described, the advertising shall provide information of what results may be really attained by that age-group of minors for which this product is intended;
- e) creation of unreal (distorted) conception of the product cost (price), namely, use of words ‘only’, ‘hardly’ and similar ones, as well as direct or indirect indication that the advertised product is affordable for the budget of any family.

Chapter III. Rights and Obligations of Advertising Customer, Producer and Distributor

Article 15. Term of Keeping of Advertising Materials

The advertising customer, producer and distributor shall keep the advertising materials or their copies, including all changes further made in them, within two months following the day of the last advertising, and if the ad material has become disputable – until the settlement of this dispute by an appropriate bodies.

Article 16. Providing Information to Appropriate Bodies of Executive Power

The advertising customer, producer and distributor are obliged to present to the State Antimonopoly Service of Georgia and its territorial bodies entrusted with controlling over the execution of the advertising law of Georgia at the latter’s request, the true documents, written explanations and information required for exercising of the laws granted by this Law, in the established term.

Chapter IV. State Control in Advertising Sphere

Article 17. Georgia State Antimonopoly Service Powers in Advertising Sphere

1. The State Antimonopoly Service of Georgia (hereinafter “the antimonopoly service”) regulates within its competence the advertising activity on the territory of Georgia and renders the state control over observation of the advertising law of Georgia.
2. The antimonopoly service carries out in accordance with Chapter 5 of the Law of Georgia On Monopoly Activity and Competition the preventive measures and stops the improper advertising; sends instructions to the advertising customers, producers and distributors on

elimination of violation of the advertising legislation of Georgia and decisions on performance of counter advertising.

3. The antimonopoly service officers have the right to impose administrative penalty on breakers of the advertising legislation of Georgia in accordance with the rule established by the law.
4. 30% of the total amount transferred to the Georgian budget in kind of the fine for violation of the advertising law of Georgia shall be put on the account of the antimonopoly activity and used for securing of the material and technical basis of this service, material stimulation of the employees of this service and other arrangements.
5. The antimonopoly service is empowered within its competence to apply to the appropriate bodies for institution of a criminal proceeding.
6. The antimonopoly service is empowered to institute a lawsuit in the court, including the one for the wide sections of advertising consumers, on violation of the advertising law of Georgia by the advertising customers, producers and distributors and on recognition of the agreements connected with the improper advertising, null and void.
7. The antimonopoly service that is empowered to protect the consumer's rights pursuant to the law of Georgia and stop the improper advertising, is entitled to enter into agreements with the advertising customers, producers and distributors in compliance with and pursuance of the rules passed in the advertising practices.
8. The antimonopoly service carries out the regulation and control of the social advertising in limits established by this law.

Article 18. Right on Information

1. For performance of the controlling function the antimonopoly service is entitled to get from the advertising customers, producers and distributors any information within its powers vested into it as per Chapter 5 of the Law of Georgia "On Monopoly Activity and Competition".
2. Disclosure of information containing the commercial secrecy and accepted by the persons mentioned in item 1 of this Article is prohibited.
3. In case of disclosure of information containing the commercial secrecy the monopoly service undertakes to compensate the caused loss accordance with procedure established by the law of Georgia.
4. The persons mentioned in item 1 of this Article will be allowed to the organizations the activity of which is connected with the use of information containing the state secrecy in accordance with the procedure established by the law of Georgia.

Chapter V. Counter-Advertising and Responsibility for Improper Advertising

Article 19. Counter-Advertising

1. The antimonopoly service is entitled to pass decision on counter-advertising by the economic agent in the case of avowing the violation of advertising law of Georgia. The law breaker shall carry out the counter-advertising in the term established by the antimonopoly service and compensate all relevant costs, otherwise the case will be submitted to the court for consideration.
2. In the case of infringement of the contract, unless the law breaker has made the counter-advertising in the fixed term, the antimonopoly service is entitled to make decision to stop totally or partially the advertising of breaker. At the same time, it shall without delay notify any party to the contract made with the breaker on production, placement and distribution of advertising about this fact.
3. The counter advertising shall be distributed through the same means and applying the same factors of sequence, space and place as the improper advertising. The counter-advertising content shall be agreed with the antimonopoly service. By the antimonopoly service decision the factors of sequence, space and place of the counter-advertising means may be changed.

Article 20. Responsibility of Advertising Customer, Producer and Distributor

1. The advertising customer is responsible for violation of the advertising legislation of Georgia in the content of information presented for production of the advertising, unless it is proved that such violation took place for the fault of advertising producer or distributor.
2. The advertising producer is responsible for violation of the advertising legislation of Georgia in the part concerning the design, production or making of the advertisement.
3. The advertising distributor bear responsibility for violation of the advertising legislation of Georgia in the part concerning the advertising time, place or media.

Article 21. Responsibility for Violation of Advertising Legislation of Georgia

1. Natural and legal persons (advertising customers, producers and distributors) assume responsibility for violation of the advertising legislation of Georgia in accordance with the law of Georgia.
2. The responsibility for compliance with the requirements stipulated by Article 6 of this law, is borne by the local self-government and administration bodies.
3. Persons, the rights and interests of whom are infringed as a result of the improper advertising are entitled to apply to the court for compensation of the damage caused to the health and

property, name, dignity and business reputation according to the established procedure and demand the public denial of the improper advertising.

4. Assuming responsibility by the advertising customer, producer and distributor does not free from the execution of decision on elimination of the advertising law of Georgia and carrying out of the counter-advertising.
5. Advertising customers, producers and distributors are entitled to apply to the court in accordance with the law of Georgia, for total or partial avoidance of the monopoly service decision.
6. Submission of the said application to the court does not suspend the execution of the antimonopoly service decision unless the court passed the judgement on its suspension.

Chapter VI. Transitional and Conclusive Provisions

Article 22. Transitional Provisions

1. Until December 31, 1999 advertising of strong drinks and tobacco products on the newspaper type-pages, magazine covers and via radio and TV is prohibited from 06.00 till 23.00.
Duration of advertising of the tobacco products via radio and TV shall not exceed 3 minutes within each hour of the air time during the period determined by this Article. Such advertising shall be accompanied by the anti-advertisement (warning on harmfulness of the smoking).
2. The words (“except radio and TV media”) of item 8 of Article 8 of this law are effective until December 31, 1999.
3. Item 3 of the Article 12 of this Law is effective from the effective date of the appropriate amendments in the Tax Code of Georgia.
4. To entrust the local self-government and administration bodies to carry out the measures providing the conformity of the outdoor advertising with the requirements of this law within 2 months following the effective date of this law.
5. To apply to the President of Georgia to submit to the Parliament of Georgia the draft law on TV- and radio broadcasting on the territory of Georgia within 4 months from the effective date of this law.

Article 23. Effective Date of Law and Normative Acts to Be Abolished

1. This Law is effective on its promulgation.
2. Item 7 of Article 8 of this Law is effective from January 1, 2000.
3. To deem as invalid the following acts from the effective date of this Law:
 - a) Decree No. 60 of the Head of State of Georgia “On Protection of Consumers from Unfair Advertising” of March 10, 1995.

b) Resolution No. 160 of the Cabinet of Ministers of Georgia “On Urgent Measures for Protection of Consumers from Unfair Advertising” of March 27, 1995.

President of Georgia

Tbilisi,

18.02.1998

Eduard Shevardnadze