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 **LAW OF TORT**

 **LPB 302**

 **MRS AKPARA**

**DISCUSS THE RELEVANCE OF PASSING OFF AS A FORM OF ECONOMIC TORT.**

**INTRODUCTION:**

The tort of passing off is part of a much wider canvas of legal remedies controlling unfair competitive practices. A brief account of passing off may be justified since it is: (1) a tort; (2) based entirely on common law; and (3) may in some respects be capable of development.

The essence of passing off is the selling of goods or the carrying on of a business in such manner as to mislead the public into believing that the defendant’s product or business is that of the plaintiff, and the “law on this matter is designed to protect traders against that form of unfair competition which consists in acquiring for oneself, by means of false or misleading devices, the benefit of the reputation already achieved by rival traders. In the words of Lord Kingsdown, “the fundamental rule is that one man has no right to put off his goods for sale as the goods of the rival trader. Where passing off is proved, the plaintiff is entitled to an injunction restraining the defendant from continuing the wrong, to damages for any loss he has incurred thereby, and to an account of the profits made by the defendant in the consequence of the tort.

The tort of passing off is committed where the plaintiff’s goods are passed off by the defendant as being his own goods. The person whose goods have been passed off in this manner may have an action in tort in respect of any losses which he has incurred. Passing off could be classified as one of the economic torts because the subject matter of the tort of passing off is the protection of the plaintiff’s financial interest in his property. It could also be classified as part of the law relating to intellectual property and ranked alongside copyright, trademarks and patents.

**DEFINITION OF PASSING OFF:**

The classic definition of the tort of passing off can be found in the judgement of Lord Diplock in *EruenWarnink BV v J Townend & sons (hull) ltd*. Lord Diplock identified the five essential elements of the tort when he said that it is:

***“possible to identify the characteristics which must be present in order to create a valid cause of action for passing off: a misrepresentation, made by a trader in the course of trade, to prosecute customers of his or ultimate customers of goods or services supplied to him, which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably forseeable consequence) and which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quiatimet action) will probably do so.”[[1]](#footnote-1)***

The Duhaime's Legal Dictionary, defines Passing off as making some false representation likely to induce a person to believe that the goods or services are those of another.

These five elements must be proved to exist in any passing off action. Most of these elements are self-explanatory and require no further comment, so attention will be focused instead on the different ways in which this tort can be committed. The crucial point of reference is the point of sale. Hence an identical appearance, revealed only after a purchaser had removed opaque wrapping, does not even furnish an arguable case as seen in *Bostik ltd v Sellotape GB ltd*. It should be noted that while Lord Diplock gave his statement, he was able to identify the five essential elements of the tort which have been outlined. These five elements must be proved to exist in any passing off action. [[2]](#footnote-2)

**ELEMENTS OF PASSING OFF:**

When coming to Court, there are three elements, often referred to as the Classic Trinity, in the tort which must be fulfilled. In [*Reckitt & Colman Products Ltd v Borden Inc*](https://en.wikipedia.org/wiki/Reckitt_%26_Colman_Products_Ltd_v_Borden_Inc)*,* Lord Oliver reduced the five guidelines laid out by Lord Diplock in [*Erven Warnink v. Townend & Sons Ltd.*](https://en.wikipedia.org/wiki/Erven_Warnink_v._Townend_%26_Sons_Ltd.) (the "Advocaat Case") to three elements:

1. [Goodwill](https://en.wikipedia.org/wiki/Goodwill_%28accounting%29) owned by a trader.
2. Misrepresentation.
3. Damage to goodwill.

**1.** **GOODWILL:**

The claimant must first prove that it has established a reputation or goodwill in its goods, name, mark, or other identifying feature by using it in business so that the public associates this use with the claimant’s name personally or their specific products or services.

The claimant must also show that the mark distinguishes them and/or their goods and services from others. Marks can have many different forms, for example:

* Style or shape of packaging (for example, the Toblerone triangular prism)
* Color (for example, the purple packaging of Cadbury chocolate)

The length of time required to establish goodwill varies depending on the circumstances of each case. However, to succeed the claimant must also prove that the infringing act has taken place within the geographical limits of their goodwill. In *CIR v Muller and Co Margarine*, goodwill and reputation with respect to passing off was defined as ‘the benefits and advantage of a good name, reputation, and connection of a business. It is the attractive force which brings in customers.’[[3]](#footnote-3)

Whilst defining goodwill in a mark can be difficult, reputation and goodwill of a business is generally considered as something that provides an identity to a business and its goods or services and distinguishes them from those of their competitors. This can be a difficult characteristic to prove because it is a very subjective test as the goodwill associated with a particular company may have very different effects on different members of the general public. For consumers simply to know that a particular brand identifies certain goods or services as originating from a particular business is not sufficient unless there is evidence of sales figures, advertising spend, press coverage, awards, web pages or social media references.

**2. MISREPRESENTATION:**

The second element is for the claimant to show that there has been a misrepresentation by the defendant which has led or is likely to lead to the confusion, deceit and misleading of the public into believing that their goods and services actually belong to the claimant such that a distinction between the claimant and defendant could not be made.

Confusion alone will not be sufficient to prove misrepresentation – the consumers must be deceived and believe the goods to be those of the claimant or made by the claimant instead of merely wondering whether this is the case. Similarly, as for the number of people who need to be deceived to establish a claim, case law is clear that passing off can be established even though most people are not deceived. The courts will look at the evidence of deception considering the size and nature of the applicable market as well as sale streams, and then assess whether it is likely that enough individuals have made or will make the false assumption such as to cause material damage to the goodwill of the claimant. Deception also does not need to be intentional because passing off is a tort which attracts strict liability, meaning that intention is irrelevant in defining misrepresentation.

**3. DAMAGE:**

The final element which a claimant needs to establish to prove passing off is to show that the misrepresentation has caused damage or is likely to cause damage to the claimant’s reputation or goodwill or cause actual or foreseeable financial or reputational loss.

This damage must arise from the reliance of the defendant’s misrepresentation and can arise (i) where the claimant has lost sales as a result of the defendant’s misrepresentation and (ii) as a result of dilution to the claimant’s goodwill, such as, for example, due to the inferior nature of the defendant’s goods or their reputation.

**FORMS OF PASSING OFF:**

The passing off of a plaintiff’s goods as if they were the defendant’s goods can take place in number of different ways. The principal way in which goods may be passed off are:

1. A direct statement that the goods belonging to the plaintiff in fact belong to the defendant: In *Lord Byron v Johnson* the defendant, who was a publisher, advertised some poems which he had published as being written by Lord Byron when, in fact, they were written by someone else. It was held that the defendant had committed the tort of passing off.[[4]](#footnote-4)
2. Imitating the appearance of the plaintiff’s goods.
3. Using a name similar to the plaintiff’s goods.[[5]](#footnote-5)
4. Using the plaintiffs name: Where the defendant uses the plaintiff’s name as opposed to the name of the plaintiff’s products, the tort may be committed. This can be seen in the case of Maxims Ltd v Dye.
5. Using the defendant’s name.
6. False attribution of authorship.[[6]](#footnote-6)
7. False Endorsement.

**REMEDIES FOR PASSING OFF:**

If you are successful in a passing off claim, there are several **remedies**available. You can:

* apply for an injunction to prevent the business from using your trade mark or goodwill
* apply to have the infringing goods destroyed
* sue for damages or seek account for lost profit
* request an inquiry to establish loss

**RELEVANCE OF THE ECONOMIC TORT OF PASSING OFF IN the 21st CENTURY NIGERIA**

We reside in a world of great complexity and an entrenched multi facet nature as well as its involvement with technology, ways, customs, etc. Commercial life and trade is also changing due to this continued evolution. In this day and age, protecting your product can be the best thing you can do especially in a country like Nigeria, where there is a high rate of copyright infringement. In cases of unregistered trademarks, a person may need to[[7]](#footnote-7) bring an action to prevent his or her goods being passed off. A person can prevent others from selling or marketing his products or confuse the public into believing they are one and the same products by proving the extent to which his goods are being sold.

The importance of the law of passing off was reduced by the Trade Marks Act 1994, particularly in so far as the act allowed a trade mark to be registered in respect of a container on the *“get-up”* of the goods. Nevertheless, even where there appears to be a case of trademark infringement it remains common to run a parallel claim for passing off and it will be the only remedy where the law of trade marks is inapplicable or the registration is invalid or, of course, where there has been no attempt in registration.

The tort of passing off provides a ground to which a legal action could be brought for as long as his goods or services are being infringed on. Although, there are laws on the books dealing with intellectual property violations, Nigeria’s legal and institutional infrastructure for protecting intellectual property rights is in need of further development. Any form of legal protection of commercial trade products in Nigeria is usually regulated by The Copyright Act 1988 as amended in 1992 and 1999, the Trademarks Act of 1965, and the Patent of Designs Act of 1970.

One of the most common forms of passing off is the passing off on the name of a business. A business name indicates what a business stands for. The Companies and Allied Matters Act (CAMA) in sections 30 and 579 (d) and (e) requires that

‘…every individual, firm or corporation having a place or business in Nigeria, whether such a person is carried on in the individual’s name or in a corporate name, must be registered at the corporate affairs commission within a period of 28 days of the commencement of such a business…’ As this is to ensure that no trade name can be used to deceive or cause confusion as to deceive or cause confusion as to the distinctiveness of two different businesses in Nigeria.

In *Continental pharmaceutical Ltd (CPL) v Sterling Products Nigeria PLC and SmithKline Beecham PLC*, The plaintiff, CPL were manufacturers of a registered trademark designed with the words ‘*Conphamol*’ brought an action against the defendants for allegedly infringing on the salient features only substituting Conphamol for Panadol. The court held that passing off had occurred due to the infringement of the plaintiffs registered trademark.

The tort of passing off does not only define what constitutes an infringement in that aspect, rather it provides an avenue where appropriate remedies are granted to commercial merchants whose product or business has been infringed upon whether there is proof of actual damage or not, so long the ingredients of what constitutes an infringement is satisfied.[[8]](#footnote-8)

**CONCLUSION**

In conclusion the common law tort of passing off remains a vital form of protection of intellectual property despite the introduction of a registered system of trade mark protection. Although the scope of protection under trade mark law has been extended by the 1994 TMA certain limitations remain which leave an action of passing off as the only form of protection in such instances. The gap in Section 10 of the TMA also calls for reliance on the common law and this will be the case until statutory amendments are made.

Post examination of the economic tort of passing of, the elements of this tort, the forms and remedies of this tort, this writer has been able to also give a valuation of the relevance of this tort in the 21st century Nigeria. The tort of passing off is a tort that needs to be intricately studied and seriously adapted in Nigeria as a lot of people have fallen victim due to lack of legal know-how on o good protection and given a legal base for right remedies to be appropriated when such an infringement occurs.

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 **[[9]](#footnote-9)**

1. *EruenWarnink BV v J Townend & sons (hull) ltd [1979]* AC 731 [1980] R.P.C. 31 [↑](#footnote-ref-1)
2. The Jif Lemon Case (1990). [↑](#footnote-ref-2)
3. *CIR v Muller & Co Margarine ltd (1901) SVC 25* [↑](#footnote-ref-3)
4. (1994) TMA [↑](#footnote-ref-4)
5. (1977) ChD [↑](#footnote-ref-5)
6. [↑](#footnote-ref-6)
7. [↑](#footnote-ref-7)
8. (1988) TCA, (1965) TTA, (1970) TPDA, (2019) CAMA *S 30 & 579 (d) (e)* [↑](#footnote-ref-8)
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