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ASSIGNMENT: Discuss the relevance of Passing Off as a form of economic torts in the 21<sup>st</sup> century Nigeria.

## INTRODUCTION

In a society where the appropriation of the name, mark, design of a popular product is part of everyday life, a consumer cannot be safe to negligently pick up any good which seem like the choice good. The tort of passing off has as its subject matter the protection of the plaintiff's financial interest in his property. However recent times call for desperate measures. The evolution of the world has made this tort much more relevant around the world and countries such as Nigeria are crying out for the implementation of this rule. This paper will focus on Nigeria and how much the effectiveness of this tort is needed.

## THE TORT OF PASSING OFF

The tort of passing off is an economic tort which means it is a tort which compensates injury to financial and economic interests, it doesn't involve personal injury. This tort is committed where the plaintiff's goods are passed off by the defendant as being his (defendant's) own goods. The person whose goods have been passed off may have an action in tort in respect of any losses he has incurred in relation to his finances and economic standing. It is the selling of goods or the carrying on of a business in such a manner as to mislead the public into believing that the defendant's product or business is that of the plaintiff. Where passing off is proved, the plaintiff will be 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 consequence of the tort.

## ELEMENTS OF PASSING OFF

To establish a claim for passing off, the plaintiff must prove that certain elements exist in the case. The elements of passing off were first put forth in the case of *Erven Warnink B. V. vs. J. Townend & Sons*<sup>1</sup> popularly known as the Dutch Advocaat case. Being a wine based drink, the excise duty on the defendant's product was much lesser than that on the plaintiff's product, which had a huge share of the English "Advocaat" market. This resulted in the defendants taking over much of the plaintiff's market share. An injunction was sought to stop the defendants from using the name "Advocaat". The House of Lords held that the defendants were guilty of the tort of passing off and Lord Diplock in his judgement identified five essential elements of the tort as;

- a misrepresentation

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<sup>1</sup> [1979] AC 731

- made by a trader in the course of trade
- to prospective customers of his or ultimate consumers of goods or services supplied by him,
- which is calculated to injure the business or goodwill of another trader ( in the sense that this is a reasonably foreseeable consequence) and
- Which is calculated to injure the business or goodwill of another trader (in a quia timet action) will probably do so.

Later in *Reckitt & Colman Products Ltd. v Borden Inc.*<sup>2</sup> popularly known as the Jif Lemon case, where the plaintiff was a manufacturer of lemon juice, and, since 1956, had been selling such juice under the name “Jif” in plastic containers resembling real lemons. The defendant later manufactured in 1985-86 three different kinds of lemon juice in containers precariously similar to those of the plaintiffs’, the only difference being a differently coloured cover and a different brand name, “ReaLemon”. The plaintiffs brought an action for passing off and were successful; the judgement in the case finally reduced the principles in the Dutch Advocaat case to three basic features now known as the ‘classical trinity’ which included

1. Reputation: plaintiff must establish the reputation or goodwill attached to his goods or services,
2. Misrepresentation: by the defendant to the public that is leading or likely to lead the public to believe that the goods and services offered by him are that of the plaintiff’s.
3. Damage to goodwill: the plaintiff must demonstrate that he has suffered a loss due to the belief that the defendant’s goods and services are those of the plaintiff’s.

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.

Thus, the tort of passing off is actionable where one trader falsely misrepresents his goods as those of another trader, which has a good reputation/goodwill in the market and leads to damaging his goodwill.

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<sup>2</sup> [1990] 1 ALL ER 873

## METHODS/FORMS OF PASSING OFF

The tort of passing off may occur in different ways some of which are discussed below

1. Marketing a product as that of the plaintiff: this involves a direct statement by the defendant that the goods belonging to the plaintiff in fact belong to the defendant. In *Lord Byron v. Johnson*<sup>3</sup> 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.
2. Using the plaintiff's name: this involves, trading under a name so closely resembling that of that plaintiff as to be likely to mislead the public into believing that the defendant's business and that of the plaintiff are one and the same. A popular case on this type of passing off is *Hendricks v. Montagu*<sup>4</sup> where the Universal Life Assurance Society were granted an injunction restraining the defendant's company, which was incorporated subsequently, from carrying on business under the name "Universe Life Assurance Association", James L.J in his judgement laid a principle when he said "now, is there such a similarity between those names as that the one is in the ordinary course of human affairs likely to be confounded with each other? Are persons who have heard of the Universal likely to be misled into going to the Universe?" The principle in that case was applied in *Niger Chemists Ltd v. Nigeria Chemists*<sup>5</sup> where the plaintiffs had carried on business as chemists and druggists for several years and had several branches in Onitsha and other towns in Eastern Nigeria. The defendants later founded a firm in Onitsha under the name "Nigeria Chemists". The court granted the injunction, holding that the use of the name "Nigeria Chemists" was calculated to deceive persons who know of and intend to deal with Niger Chemists.
3. Using a name similar to the plaintiff's goods: this involves marketing goods under a trade name already appropriated for goods of that kind by the plaintiff, or under a name as similar to the plaintiff's trade name as to be mistaken for it. However, purely descriptive names, that is, names which merely indicate the nature of the goods sold and not that they are the merchandise of any particular person. This also applies to any artist, writer or musician who gets to be known under a particular name and

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<sup>3</sup> [1816] 35 ER 851

<sup>4</sup> [1881] 50 LJ CH 456

<sup>5</sup> [1961] ALL NLR 171

which becomes part of his own stock-in-trade. Thus in, where the plaintiff bandleader broadcast in a radio programme under the name “Dr Crock and his Crackpots,” the defendant was restrained by injunction from putting another band on the programme under the same name.

4. Imitating the appearance of the plaintiff’s goods: where there is anything in the appearance of the plaintiff’s goods which particularly identifies those goods as the merchandise of the plaintiff, the defendant will be liable for passing off if, in marketing his goods, he imitates or copies such appearance, in a manner likely to confuse the public. In *U.K. Tobacco Co. Ltd v. Carreras Ltd.*<sup>6</sup> where the defendants marketed cigarettes called “Barrister” in packets on which appeared a white man in a barrister’s wig and gown. This was held to be an actionable imitation of the get-up of the plaintiff’s cigarettes called “Bandmaster”, whose packets featured a white man in a bandmaster’s uniform.

#### Distinction between passing off and trademark infringement

From the above, it is clear that the tort of passing off and trademark infringement are quite similar, however they must not be mistaken for each other and thus this writers attempt to distinguish them. While passing off is an action on unregistered marks that have become notoriously attributable to a person or company, a trademark infringement usually involves a registered mark. This means that a mark, brand , design, name, must be registered as a trademark before one can make a claim on trademark infringement, and where such mark or name has not been registered, or where a certificate of registration has not been issued, an action can only be brought in the tort of passing off.

Also, an action for infringement of trademark is a statutory remedy conferred on the owner of a registered trademark, for the enforcement of a right to use the trademark in relation to the goods/services for which the mark has been registered, while, an action for passing off is an action against the deceit on the colourable imitation of a mark adopted by a person/company in relation to goods/services which has acquired a distinctive reputation in the market and is known as belonging to or produced by that person/company alone. An action for passing off is a common law remedy and the claimant need not establish title for same but must show that the goods/services have distinctive features.

Other forms of passing off include

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<sup>6</sup> [1931] 16 NLR 1

- ❖ Extended passing off- where a misrepresentation as to the particular quality of a product or service causes harm to another's goodwill
- ❖ Reverse passing off- where a trader markets another business' goods or services as being his own.

## RELEVANCE OF THE TORT OF PASSING OFF IN 21<sup>ST</sup> CENTURY NIGERIA

One of the most popular markets in Nigeria is the Aba market in Abia state, why? You may ask. The market is popular for the bulk of knockoff goods sold there, most of the goods are made and produced by local Nigerians but are engraved with marks, symbols and names of foreign designers. This is clearly the tort of passing off in its pure form. It depicts the nature of Nigerians to try to benefit from another's hard-earned reputation without much effort. It does not only happen to foreign goods but also local businesses and even small-scale businesses. It also applies to digital apps, I once saw on a newspaper the celebration of a young man who was the developer of an online streaming app, Northflix, which is an obvious appropriation of the app Netflix. *In Trebor Nigeria Ltd v Associated Industries Ltd*<sup>7</sup>, an action was held to lie in passing off, where the defendant packaged and marketed its product to resemble those of the plaintiff. The court held that the fundamental rule is that one man has no right to put off his goods for sale as the goods of a rival trader.

Therefore, since it has been established that the tort of passing off is quite popular among Nigerians and seems to be a normal thing, it is reasonable to deduce that many Nigerians are unaware of this tort. If the tort is widely recognized and enforced, it would greatly help the economy. This is because, local manufacturers would become confident in producing their goods without having to worry about someone who would steal their profits through passing off, the goods produced locally can then be exported if they bear unique names, marks and sign which are not appropriation of another producer. The consumers also will become confident when buying goods knowing that this is the product they are buying and not a knockoff so they wouldn't be disappointed by the quality. If the law is enforced in Nigeria, and a statute is created, this writer opines that it will open the doors for healthy competitions and a lot of new and refined manufacturers and a better economy for Nigeria

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<sup>7</sup> [1972] K/127/71

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