

NAME: ERINMWIONGHAE ETINOSA ADANNA.

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ASSIGNMENT: Discuss relevance of Passing Off as a form of Economic Tort in 21st Century Nigeria.

CONCEPT OF PASSING OFF

Passing off is a wrong, a common law tort which protects the goodwill of a trader from misrepresentation. Misleading the public into believing falsely, that the brand being projected was same as a well-known brand, is a wrong and known as the tort of passing off. As held in **N.R. Dongre v Whirlpool Corporation**¹; “A man may not sell his own goods under the pretence that they are goods of another”

It is described as an unfair competition by misrepresentation or literally speaking, the cause of confusion or deception. An action for Passing off arises where the deception is made in the course of trade, which could lead to confusion amongst customers. It applies to ecommerce businesses and businesses with physical addresses.

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.

In another definition, it is the act or instance of falsely representing one’s own product as that of another in an attempt to deceive potential buyers.² In a passing off action, Plaintiff must prove that there is a similarity in the trade names or marks and that the defendant is passing off his goods as that of the plaintiffs In the case of **Niger Chemists Limited v. Nigeria Chemists**³, the plaintiff sold drugs as Chemists in Onitsha, Eastern Nigeria and the defendant opened shop on the same street and started the same line of business of dispensing drugs. On being sued, the court granted an injunction against the defendant on the basis that their use of the name Nigeria Chemists was intended to deceive the members of the public to believe that they had a relationship of some sort with Niger Chemists. Remedies include both injunction, damages or both. Damage or likelihood of damage form the core of all passing off actions.

In **Vieright Pty Ltd v Myer Stores Ltd**⁴; it’s defined as an action available where a business wrongly suggests a connection, in the course of trade, with another’s goods or services where there is damage, or threat of damage to that proprietary interest in reputation or goodwill that the

¹ (1996) 5 SCC 714.

² Blacks Law Dictionary Ninth Edition.

³ 1961 ALL NLR 171.

⁴ (1995) FAC 173.

wronged person has built up. In **Trebor (Nigeria) Ltd v Associated Industries Ltd**⁵, 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. Business goodwill is protected by passing off which may be associated with a particular name or mark used in the course of trade. In passing off the property right is not a right in the name or mark but that it is the right in reputation or goodwill of which the name or mark is badge or vehicle.

Passing off may be in relation to goods and services, it may also occur in the use of individual's names or personality without his permission. In **Irvine v Talksport Ltd**⁶, it was accepted that falsely implying that a celebrity was endorsing a product was actionable under passing off.

ELEMENTS OF PASSING OFF

In **Reckitt and Coleman Products v Borden**⁷ the House of Lords adopted the Trinity Test in establishing the ingredients of passing off as follows:

- i. The claimant must establish the goodwill or reputation attached to the goods or services in question and identify the circumstances under which the goods and services are offered to consumers;
- ii. The claimant must also establish that there has been a misrepresentation by the defendant which has caused or has the potential of causing the members of the public to believe that the goods or service emanate from the him;
- iii. Finally, the claimant must demonstrate that he has suffered or is really likely to suffer losses by the reason of the defendant's misrepresentation as to the source of defendant's goods or services, which seems to suggest that they emanate from the claimant.

Lord Macnaghten gave a useful definition of goodwill in **Commissioner of Inland Revenue v. Muller & Co's Margarine Ltd**⁸, where he described it as the benefit and

⁵ 1972 NMLR 60.

⁶ (2003) EWCA Civ 423.

⁷ (1990) 1 ALL ER 873.

advantage of the good name, reputation and connection of a business. He further described it as the one thing that distinguishes an old established business from a new business at its first start. It is also very important to note that goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates.

Reputation on its own comes about through consistent use of the name, logo, material etc. There must have been a goodwill associated with a reputation which had been acquired by the claimant in relation to that name or style. In **Reddaway v. Banham**⁹, the phrase 'Camel Hair Belting' used by the claimant from 1879 to 1891 was considered to have become distinctive of the claimants belting. Although goodwill in a product may be shared by a number of traders, In **Erven Warnink Besloten Vennootschap v. J Townend & Sons (Hull) Ltd**¹⁰, the goodwill shared was in the name 'Advocat' describing a particular type of alcoholic beverage and that the goodwill was shared between the Dutch companies making the drink.

Misrepresentation is an essential element in the tort of passing off. It may come about in numerous ways such as by written, oral statement by implication or by similarity in appearance or presentation of goods or even from the presence of some object. For a passing off to be actionable, the misrepresentation does not have to suggest that the defendant's business is that of the claimant, it is not necessarily limited to an exact copy of a name or mark. A fraudulent motive is not necessary to a passing off action and, indeed, innocence is not a defence. The main thrust of the law of passing off is the protection of goodwill.

Damage is the third element of the classic trinity. The claimant must establish that there has been or will be damage. The damage must be more than minimal, but need not be actual: a threat of damage will suffice provided all the other elements of passing off are established.

⁸ (1901) AC 217.

⁹ (1896) AC 199

¹⁰ (1979) AC 731

Damage may result in a number of ways and the dwindling in the claimant's goodwill may be caused by:

- lost sales because buyers confuse the defendant's product or services with those of the claimant.
- erosion, blurring or debasement of a name that is exclusive and unique and which is used by the claimant.
- indirect though invidious damage which prevents the claimant controlling and developing his goodwill in the future as he wished even though none would be deceived into thinking the defendant's product was from the claimant.

DEFENCES TO PASSING OFF

The main defence will normally be that the claimant has failed to establish the element of the tort, that is, one of the classic trinity is missing.

The defences to passing off action include;

- a. the claimant does not have locus standi.
- b. the defendant's activities have not harmed and are not likely to harm the claimant's goodwill associated with the name, mark or get up.
- c. the defendant is not using the name in the course of trade.
- d. the claimant has not established the existence of goodwill associated with the name, mark or get-up in the course of trade.
- e. the defendant is making honest use of his name or company name.
- f. the claimant has acquiesced in the defendant's use of the name, mark expressly or impliedly granted the defendant permission to use the name or mark.
- g. the claimant is estopped from enforcing his rights under passing off because he has encouraged the defendant's act.
- h. the defence of no common field of activity, that is, the claimant and defendant are not in the same line of business.

RELEVANCE OF PASSING OFF IN NIGERIA

The purpose of passing off action is to prevent one trade from damaging or exploiting the goodwill and reputation built by another. In Nigeria it is governed by the Trademark Act.

Thus where a man aims at making his business so similar to another in a way so as to affect the business of such person the Plaintiff may bring an action on Passing Off. In the case of **Trebor (Nigeria) Ltd v Associated Industries Ltd**¹¹ where the Defendant used a paper mint wrap similar to that of the Plaintiff, they were liable for Passing Off because their aim was to deceive the public. Although Passing Off actions are not common in Nigeria, there are laws which help to protect a person's business from such act of deceit.

The Nigerian Constitution provides that the Federal High Court has exclusive jurisdiction in Passing Off actions, however courts have variant decisions on jurisdiction of courts on Passing off actions, in **Omnia (Nig) v Dyktrade Ltd**¹²; a 2007 decision, it was held that the Federal High Court has exclusive jurisdiction to hear and determine a claim for passing off whether the claim arises from infringement of a registered or unregistered trademark.

It is however necessary for amendment of Trademark Act in Nigeria to show recent times and happenings in Nigeria.

CONCLUSION

The establishment and development of passing off is a typically common law method of protecting trader's rights. It is useful to assert the preeminence of the tort of passing off is the protection of both consumers and the businesses concern of claimant from the activity of the offending trader from the effect of confusion on the goodwill in trade.

In Nigeria, as elsewhere, the major purpose underlying the tort of 'passing-off' is the protection of an established trade goodwill already acquired by a trade mark or trade name.

¹¹ 1972 NMLR 60.

¹² (2007) 15 NWLR (Pt.1058) 576

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