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ASSIGNMENT: DISCUSS THE RELEVANCE OF PASSING OFF AS A FORM OF ECONOMIC TORTS IN THE 21ST CENTURY NIGERIA.

INTRODUCTION

Economic torts offers protection for a person’s trade or business from acts which the law considers to be unacceptable. Economic torts are torts which inflict financial losses or Financial injury. Examples of economic torts are passing off, breach of intellectual property rights; such as breach of copy right, patents, trademarks and other merchandise marks, injurious falsehood / malicious falsehood, interference with contracts, conspiracy to interfere, that is civil conspiracy. For the purpose of this assignment, we shall be looking at passing off.

Passing off is a wrong, a common law tort which protects the goodwill of a trader form misrepresentation. Misleading the public into thinking falsely, that the brand being projected was the same as a well known brand is a wrong and is known as tort of “passing off”.

The essence of passing off 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. In the case of *N.R. Dongre v Whirlpool Corporation[[1]](#footnote-2),* the court held, “a man may not sell his own goods under the pretence that they are the goods of another man". Also in *Leather Cloth Co. v American Leather Cloth Co[[2]](#footnote-3).,* Per Lord Kingsdown said, “.......the fundamental rule is that one man has no right to put off his goods for sale as the goods of a rival trader".

In an action for passing off, the plaintiff must prove that there is a similarity in the trade names or marks and that the defendant is passing off his goods as those of the plaintiff’s.

The concept of reverse passing off and extended passing off also hold significance. Extended passing off consists of those cases where misrepresentation of a particular quality of a product or services causes harm to the plaintiff’s goodwill. An example is in the case of *Diageo North America Inc v International Brands (ICB) Ltd[[3]](#footnote-4),* where the defendant marketed a drink named “Vodkat", which was not actually vodka, but the marketing did not actually make it clear that it was not so. The plaintiffs were the biggest manufacturers of vodka and they filed a suit against the defendants for passing off and it was held so. Meanwhile, if a defendant markets the products made by the plaintiff as the products of the defendant, the tort committed is known as reverse passing off.

WHEN DOES ACTION FOR PASSING OFF LIE?

In the case of *Warnink BV v Townsend & Sons[[4]](#footnote-5),* Lord Diplock in the House of Lords stated the five characteristics or guidelines, for determining when an action lies in passing off. These five characteristics are whether there is:

1. A misrepresentation
2. Made by a defendant in the course of trade
3. To prospective customers
4. Which is calculated to injure the business and goodwill of another person
5. Which causes damage to the person’s business and goodwill or will likely to do so.

PASSING OFF IS ACTIONABLE PER SE

The tort of passing off is actionable per se on its occurrence. A plaintiff does not have to prove damage in order to succeed.

THE COMMON FORMS OF PASSING OFF

1. Trading with a name resembling that of the plaintiff: In this form of passing off, the defendant is usually engaged in the same type of business as the plaintiff, and he uses the plaintiff’s name or a name closely resembling that of the plaintiff, as a result, the public is confused and misled into thinking that they are one and the same business, or that one is an extension of the other. In *Niger Chemists Ltd v Nigeria Chemists[[5]](#footnote-6),* the plaintiff chemists obtained an injunction to stop the defendant chemists from trading as Nigeria Chemists. Granting the injunction, Palmer J said, “it seems to me as a matter of common sense that when two firms trade in the same town, in the same street and in the same line of business, one calling itself ‘Niger Chemists’and the other ‘Nigeria Chemists’, there must be a grave risk of confusion and deception”. Also in *Ogunlende v Babayemi[[6]](#footnote-7),* the plaintiffs who were civil engineering contractors carrying on business as “Mercury Builders” were granted an injunction to restrain the defendants from carrying on a similar business name under the name “Mercury Builders Nigeria Ltd". This was also seen in *Hendriks v Montague[[7]](#footnote-8).*

2. Marketing goods with the name resembling that of the plaintiff’s goods: It is a tort of passing off for a defendant to produce or market his goods with a name closely resembling the name of the plaintiff’s goods, with the result that the customers are confused and the defendant’s goods are mistaken as made by the plaintiff and are bought as the product of the plaintiff. The protection of trade names does not only protect products, but also protected the trade name of all kinds of businesses, professionals, and persons who have goods, or services to offer, such as artists, writers, and so forth. In *Hines v Winnick[[8]](#footnote-9),* the plaintiff musician and band leader who used to broadcast his radio programme under the name “Dr Crock and his Crack pots", obtained an injunction to restrain the defendant from featuring another band on the programme using the same name. Valsey J granting the injunction was of the view that a musician gets known by a particular name and this becomes inevitably part of his stock-in-trade.

3. Marketing a product as that of the plaintiff: The tort of passing coffins committed when the defendant sells his goods off to people by stating falsely that the goods are produced by the plaintiff, whereas they are not. It is therefore a type of passing off for a defendant to produce his goods, and then sell them off with the name, label, or any design of the plaintiff, when in fact the plaintiff is not the producer of the goods, and there is no agreement between the parties, nor licence given to the defendant to so produce and market his goods with the name of the plaintiff. In *Lord Byron v Johnston[[9]](#footnote-10),* the defendant publishes were restrained from advertising and selling a book of poems with the name of Lord Byron written on the cover and title page, when in fact the famous poet was not its author.

4. Marketing products with the plaintiff’s trademark or its imitation: A trademark is any design, picture, mark, name, or other merchandise mark, affixed to goods, which identifies those goods with the manufacturer or seller. Trademarks are usually registered and also protected under the Merchandise Marks Act[[10]](#footnote-11). Those who have registered trademarks may object to registration of a trademark by another person which closely resembles that of his product, by entering a caveat with the Registrar of Trade Marks, who usually keeps a register of all registered trademarks at Abuja. The ground on which the court protects trademarks, is that it is not right to permit a party to sell his own goods as the goods of another person. Therefore, a party would not be allowed to use the names, marks, letters or other design by which he may pass off his own goods to purchasers as the product of another person. In *Perry v Truefitt[[11]](#footnote-12),* the plaintiff obtained an injunction to restrain the defendants from selling a certain hair cream under the name of “Medicated Mexican Balm" or other similar designations.

5. Imitating the appearance of the plaintiff’s product: It is passing off for the defendant to do anything, which makes his product appear like the plaintiff’s product. This passing off includes any copying of the likeness or appearance of the plaintiff’s product, in a manner to confuse the public. Generally, it includes the general appearance, package, label, or design of the product. In *U.K. Tobacco Co. Ltd v Carreras Ltd[[12]](#footnote-13),* the defendants who were marketing cigarettes called “Barrister”, on which packet was a white man wearing a barrister’s wig and gown were restrained from imitating the appearance of the plaintiff’s cigarettes called “Band Master" on which the packet was a man in a band master’s uniform. Also in *De Facto Works Ltd v Odumotun Trading Co Ltd[[13]](#footnote-14),* the plaintiff bakers who sold bread wrapped in a yellow and brown paper with the name “*De Facto"* written in large chocolate colour, obtained an injunction to restrain the defendants from marketing their bread wrapped in yellow and brown paper with the name “*Odus"* written in chocolate colour.

WHAT A PLAINTIFF MUST PROVE TO SUCCEED

To succeed in a claim for passing off, all that a plaintiff has to prove is that the activity of the defendant is “calculated” to deceive the public. Liability in the tort of passing off is strict, therefore, innocent passing off is not a defence, and once a plaintiff establishes that the activities of the defendant, or the act alleged to be passing off is likely to deceive the public, his claim succeeds, and he may obtain nominal damages and an order of injunction. The plaintiff does not have to prove intention to deceive on the part of the defendant. According to Palmer J in *Niger Chemists Ltd v Nigeria Chemists[[14]](#footnote-15),* “it is not necessary to prove, that there was any intention to deceive: this has been held in a long series of cases, and is not disputed”. Where there is no likelihood of the public being confused, there is no passing off as seen in the case of *Cadbury Schweppes Ltd v Pub Squash Co Ltd[[15]](#footnote-16).*

REMEDIES FOR PASSING OFF

1. Damages
2. Injunction
3. Account for profit; or for loss of sales
4. Intervention by the relevant regulatory agencies such as NAFDAC, SON, Intellectual Property Commission and so forth.

DEFENCES FOR PASSING OFF

1. Consent, such as licence given to him by the plaintiff to produce and or market the product
2. The mere descriptive name of the product
3. Innocent passing off and so forth.

Generally, where a defendant pleads innocent passing off, he will still be held liable for the tort of passing off, but he will most likely get off with a nominal or reduced award of damages. This is so because of the plea, in the absence of aggravating circumstances has a mitigating effect on the amount of damages that may be awarded by the court.

CONCLUSION

In a country where a considerable percentage of people live in rural areas, it is very easy to pass of goods. Right from garments, to tobacco, to toothpaste, to pencils, to ensure, you name it, you find it. Passing off has come a long way through Common law system and now has some well defined principles and ambit. The law of passing off prevents one trader from misrepresenting goods or services as being the goods and services of another, and also prevents a trader form holding out his or her goods or services as having some association or connection with another when this is not true.

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1. (1996) 5 SCC 714 [↑](#footnote-ref-2)
2. (1865) 11 HL Cas 523; (1865) 11 ER 1435 [↑](#footnote-ref-3)
3. (2010) ECWA Civ 920 [↑](#footnote-ref-4)
4. (1979) All ER 927 at 932; (1979) AC 731 at 472 HL [↑](#footnote-ref-5)
5. (1961) All NLR 180 at 182 [↑](#footnote-ref-6)
6. (1971) I UILR 417 [↑](#footnote-ref-7)
7. (1881) 50 LJ Ch 456 [↑](#footnote-ref-8)
8. (1947) Ch 708 [↑](#footnote-ref-9)
9. (1816) 35 ER 851 [↑](#footnote-ref-10)
10. 2004 [↑](#footnote-ref-11)
11. (1842) 49 ER 749 [↑](#footnote-ref-12)
12. (1931) 16 NLR 1 [↑](#footnote-ref-13)
13. (1959) LLR 33 [↑](#footnote-ref-14)
14. Supra [↑](#footnote-ref-15)
15. (1981) 1 All ER 213 PC [↑](#footnote-ref-16)