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**COURSE TITLE: LAW OF TORTS II**

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

**ABSTRACT**

Every business/brand has something unique about it. It could be seen in the originality of its product, its brand-name, its trademark, etc. It is the uniqueness of the business/brand that attracts its customers to purchase their products thus rewarding these businesses with profit at the end of the day. This uniqueness is its business value (goodwill). Now imagine if a rival trader copies the goodwill of another trader’s business. They could copy the trademark or even the name of the product and slightly alter it to deceive the customers of the original owners so as to make them (the customers) buy their product instead of that of the original owners. The original owners would then suffer loss as a result of the actions of their rival. The tort of passing off seeks to protect the goodwill of a trader’s business/brand. This paper seeks to identify the relevance of passing off in the 21st century. It explains the tort in detail, defining it, providing its aim, its elements, its various forms, defences and remedies. Conclusion are made at the end of this paper.

**Keywords:** Relevance, Passing Off, Economic Torts

**Introduction**

The 21st century consist of a very competitive business environment. Thus, it is very important to traders that their goodwill (business value) is protected. The purpose of the tort of passing off is to prevent a trader from destroying or damaging the goodwill of another trader. In other words, the tort of passing off promotes a healthy business environment. The tort of passing is a common law tort that stems from a powerful branch of IP Law. This paper intends to discuss the relevance of passing off as an economic tort in the 21st century.

**Conceptual Clarifications**

**Economic Torts**

Economic torts are torts that protect a person’s business from unlawful acts. They include:

* Passing off
* Breach of Intellectual Property Rights
* Malicious Falsehood
* Interference with Contracts
* Conspiracy to Interfere

**Passing Off**

The House of Lords in their decision in the case of ***Erven Warnick Besloten Vennootschap v. J. Townend & Sons* 1979 AC 731[[1]](#footnote-1)** defined the tort of passing off as

A misrepresentation 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 causes actual damage to a business or goodwill of the trader by whom the action is brought or will probably do so.

In the famous case of ***N.R. Dongre v Whirlpool Corporation*[[2]](#footnote-2)**, it was held that:

“A man may not sell his own goods under the pretence that they are the goods of another man”.

Thus, **Lord Kingsdown** in ***Leather Cloth Co. v. American Leather Co.[[3]](#footnote-3)*** noted that the tort of passing off seeks to protect traders from unhealthy competition. He also gave the fundamental rule that “one man has no right to put off his goods for sale as the goods of a rival trader.”[[4]](#footnote-4)

According to **Black’s Law Dictionary[[5]](#footnote-5)**, the tort of passing off applies where there is a representation that a person’s goods or service are those of someone else.

In Nigeria, the tort of passing off is both a common law and statutory remedy in Nigeria[[6]](#footnote-6) and it is supported by **Section 3 of the Trademark Act[[7]](#footnote-7)** which provides that:

“No person shall be entitled to institute any proceeding to prevent or to recover damages for, the infringement of an unregistered trade mark; but nothing in this Act shall be taken to affect rights of action against any person for Passing off goods as the goods of another person or the remedies in respect thereof”.

**Aims of the Tort of Passing Off**

The tort of passing aims at the following:

* To protect traders from unfair competition.
* To protect the right of property that exists in goodwill.[[8]](#footnote-8)

**Elements of the Tort of Passing Off**

The elements of passing off were established in the famous case of **Erven Warnick BV v J Townend & Sons (Hull) Ltd** or the **Advocaat case by Lord Diplock and they include:[[9]](#footnote-9)**

1. Misrepresentation
2. made by a trader in the course of trade
3. to deceive prospective customers of his or ultimate consumers of goods or services supplied by him
4. The act is calculated to injure the business or goodwill of another trader in the sense that this is a reasonably foreseeable consequence) and
5. Causes actual damage to a business or goodwill of the trader by whom the action is brought or, in a quia timet action, will probably do so.

The elements were then shortened to 3 basic elements called the **Classic Trinity** which were given by **Lord Oliver** in the case of ***Reckitt Coleman Products v. Borden*[[10]](#footnote-10)** and they include:

* **Goodwill owned by a trader:** The plaintiff must establish goodwill i.e. business value attached to the product in question. Where he does not have a distinct goodwill attached to the product, he cannot say that it has been infringed upon by the defendant.
* **Misrepresentation:** The claimant must establish before the court that there has been some form of misrepresentation on the part of the defendant which deceived their customers that they were trading with the original owners of the product.
* **Damage to goodwill:** The claimant must also establish before the court that he has suffered or is likely to suffer damage/loss as a result of the defendant’s misrepresentation.

**Forms of the Tort of Passing Off**

The tort of passing off can be seen in the following forms:

* **Imitating the appearance of the plaintiff’s product**: This form of passing off was seen in the case of ***U.K. Tobacco Co. Ltd v. Carreras Ltd[[11]](#footnote-11),*** the defendants who were marketing cigarettes called “Barrister”, on which the packet was a white man wearing a barrister’s wig and gown were restrained from initiating the appearance of the plaintiff’s cigarette called “Brand Master” on which packet was a man in a band master’s uniform
* **A direct statement that the goods and services are that of the plaintiff’s business when they are not**: Here, the defendant sells his products on the pretence that they belong to the plaintiff when in reality, they do not. An example of this form of passing off can be seen in the case of ***Lord Byron v. Johnston[[12]](#footnote-12),*** the defendant publishers 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 paper was not it’s author.
* **Trading with a package similar to that of the plaintiff’s product:** In the case of ***Trebor Nigeria Limited v. Associated Industries Ltd[[13]](#footnote-13)***, the plaintiffs, Trebor Nigeria Limited, the makers of Trebor Peppermint brought an action against the defendants, Associated Industries Limited, the makers of Minta Supermint claiming that the wrapper used to package the product by the defendant was similar to that of their product. The defendants were held liable for passing off their products as that of the plaintiff.
* **Trading under a name similar to that of the plaintiff’s business name:** This was seen in the case of ***Niger Chemists Ltd. V. Nigeria Chemists[[14]](#footnote-14)*** where the plaintiff had an established business using the name “Niger Chemist” while the defendants established the same business on the same street with the plaintiff using the name “Nigeria Chemist”. The plaintiff sued the defendant claiming the name was too similar and likely to deceive the public that there was a relationship between them. The defendants were held liable for the tort of passing off.
* **Using the trademark, sign or logo of the plaintiff’s product**

**Defences of the Tort of Passing Off**

To avoid liability in the tort of passing off, a defendant would rely on the following defences[[15]](#footnote-15):

* Consent was sought from the plaintiff before using the logo, mark, sign, picture, etc.
* The mark of the plaintiff is very common.
* Unintentional/Innocent use of the plaintiff’s mark, logo or sign. i.e. the use of the plaintiff’s mark, sign or logo was a mere coincidence.
* The mark of the plaintiff is not distinctive
* Dissimilarities in the mark between that of the defendant and that of the plaintiff

**Remedies of the Tort of Passing Off**

1. **Damages:** When a plaintiff succeeds in an action for the tort of passing off, he/she would be awarded damages as he/she must have suffered loss. Damages could either be general, nominal or exemplary (punitive) damages.
2. **Injunction:** This is a remedy that prevents or restrains the defendant from further commission of the tort of defamation. The court will grant an injunction in order to prevent or restrain the defendant from using the plaintiff’s product. Thus, in the case of ***Niger Chemists Ltd. V. Nigeria Chemists[[16]](#footnote-16)*** the court granted an injunction restraining the defendants using the name “Nigeria Chemists” as it had a calculated intention to deceive the costumers and consumers of the products of Niger Chemists.
3. **Intervention by the relevant regulatory agencies such as NAFDAC, SON, Intellectual Property Commission.[[17]](#footnote-17)**
4. **Account of Profit[[18]](#footnote-18):** The plaintiff is entitled to profit on the goods in question which were sold by the defendant

**Relevance of Passing of as an Economic Tort in the 21st Century**

The tort of passing off is very relevant in the 21st century. As mentioned earlier, the 21st century comprises of a highly competitive business environment. New products are being made every day and it is very important for the tort of passing off to exist as it helps to:

* Prevent loss/damage: Passing off prevents the business from suffering financial loss/damage.
* Protect consumers: Passing off helps to protect consumers. For example, if someone comes up with the cure for the COVID-19 pandemic and his rival in the business decides to imitate the drug without his consent, there may be a default in the production and this would lead to various health issues.
* Passing off also protects the goodwill of a business.

**Conclusion**

The purpose of the tort of passing off is to protect the property rights of a person. This is done to protect traders from damage/loss and also to promote a healthy business environment. It is very important that everyone is aware of the tort of passing off. Thus, there is need to enlighten traders, small and medium sized business owners, etc about the tort so as to enable them protect their goodwill, their costumers and their profits.

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