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**QUESTION**

**DISCUSS THE RELEVANCE OF PASSING OFF AS A FORM OF ECONOMIC TORTS IN THE 21STCENTURY NIGERIA.**

**THE TORT OF PASSING OFF IN NIGERIA**

Meaning of Passing Off

The selling of goods or carrying on of business under a name, description or mark in such a way as to mislead the public or consumers into believing that the goods or business is that of another person is passing off. Where a party (defendant) makes false representation in order to sell his goods and services with the intention to deceive a purchaser (an innocent man) into thinking that the goods and services he is selling are those of another party (the plaintiff), that is Passing Off.

The tort of passing off is practiced in Common Law countries like Nigeria, the United Kingdom, New Zealand, Australia etc. The tort of passing off is designed to protect traders/ businessmen against unfair competition acquired by false or misleading information and to prevent a rival trader from benefitting from the reputation already achieved by a trader/ businessman. In essence, “A man may not sell his own goods under the pretense that they are the goods of another man”

In 1875 a statutory system of registering trademarks was introduced whereby registering a mark which acts as an indication as to the identity or origin of a product, protects that mark from being used by anyone other than the proprietor of the trade mark. This solved the earlier problems of having to show title to the mark by establishing goodwill as is necessary for a passing off action. The law has been subsequently amended by numerous statutes until the Trade Mark Directive was finally implemented into English law in the form of the Trade Mark Act 1994 (‘TMA’) which is where the law stands today.

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R. F. V. Heuston, Salmond on the Law of Torts (16th edn, Sweet & Maxwell London, 1973) 408.

Diva Rai, ‘Meaning of Passing Off’ (The Tort of Passing Off, IPLEADERS) https://blog.ipleaders.in/the-tort-of-passing-offaccessed on 4th August 2019.

Ibid.

G. Kodilinye and O. Aluko, Nigerian Law of Torts (Spectrum Books Limited 1999) 221.

N. R. Dongre v. Whirlpool Corporation Civil Appeal 10703 of 1996 [1996] (Supreme Court of India 30 August 1996).

Law Student, ‘Tort of Passing Off Project Assignment for Law of Torts’ (Law Teacher 2 February 2018) https://www.lawteacher.net/free-law-essays.php#ftn2 accessed on 4th August 2019.

The purpose of the TMA was to widen the scope of trade mark infringement by allowing for the registration of any sign capable of being represented graphically which is capable of distinguishing goods of services of one undertaking from those of other undertakings’.

It has been suggested that this broad definition of what constitutes a registrable mark will considerably limit the role of passing off in the future as its effect is to allow registration of ‘almost anything which is capable of being a distinguishing indium for the purposes of a claim for passing off’. However, despite this extended definition, passing off actions will remain an essential feature in English law. This is because it remains the sole course of action for those who do not register a potentially registrable trade mark and for those marks, which remain non-registrable due to the limitations of the TMA. Furthermore, although the TMA does extend the scope of protection there remain gaps where a trader’s only redress will be the common law of passing off. The law has therefore developed into a dual system of protection.

Aims of the Tort of Passing Off

The following are what the tort of passing off seeks to achieve in every common law legal system;

1. To enable businesses continue to earn profit and;

2. To protect the right of property that exists in goodwill (i.e. business value).

Elements of the Tort of Passing Off

A claimant needs to establish the following in order to succeed in an action of passing off;

1. Goodwill: The claimant must show the court that there is business value (Goodwill i.e. the attractive force that brings customers) which is attached to the goods and services he produces in a suit for passing off.

2. Misrepresentation: The claimant/ plaintiff needs to demonstrate and explain to the court that the goods and services the defendant is offering the public deceitfully (whether intentionally or not) are actually the goods and services of the claimant.

3. Damage: The claimant/ plaintiff needs to show to the court that a loss has been suffered due to the belief that the goods and services of the defendant are those of the plaintiff/ claimant. (The Claimant / plaintiff needs to show that the defendant’s activities are calculated to deceive the public).

These (3) three elements known as the Classic Trinity were stated in the House of Lord’s case of Reckitt & Colman products ltd v. Borden In (HL 1990) per Lord Oliver.

Forms of Passing OffMichael Carter, ‘How to prove “Passing Off”’, (Mondaq 13 December 2017) <https:www.mondaq.com/uk/x/65/578/Trademark/How+to+prove+Passing+Off> accessed on 4th August 2019.

The elements of passing off need to be proved in any of the forms which passing off can take which include;

A. Trading under a name which is closely related to that of the claimant/ plaintiff such name being likely to mislead the public: - The well-established case on this is Hendriks v Montagu where the Universal Life Assurance Society were granted an injunction by the court in order to restrain the company of the defendant which was incorporated later on from carrying on business under the name “Universe Life Assurance Association”. In Nigeria, the court has decided a similar situation in Niger Chemists ltd. v. Nigeria Chemists [1961] 1 All NLR 171 where Palmer J. granted an injunction restraining the defendants from using the name “Nigeria Chemists” as it was calculated to deceive those who had the intention to deal with Niger Chemists. It is important to note that both parties in the suit were engaged in a similar business. Thus, where a name is made to deceive a consumer or the public due to its similarity with that of a plaintiff then that is a form of passing off and there exists a tort.

B. Trading under a name already given for goods of that kind by the plaintiff or trading under a name so similar to that of the plaintiff’s as to be mistaken for it: - Where a trade name is already in use by the plaintiff for his goods and services, it will be actionable passing off for a defendant to trade under the name of the plaintiff. A trade name is a name under which goods and services are sold by a certain individual and which by established usage has become known to the public to the effect that the goods and services are that of the individual. Descriptive names such as ‘water’, ‘beer’ ‘stout’ are not protected unless the plaintiff can prove that the descriptive name has acquired a secondary name exclusively associated with the plaintiff’s own product.

C. A direct statement by the defendant that the goods and services are that of the plaintiff: - Actionable passing off occurs where the defendant markets his products as that of the plaintiff. See Byron (Lord) v. Johnston

D. Where the defendant trades under the trademark of the plaintiff or any deceptive imitation of the plaintiff’s mark. A trademark refers to a mark used by a trader in order to indicate a connection between the marked goods and the trader and also to show that the marked goods are the trader’s merchandise.

E. Imitating the Get Up or Appearance of the Plaintiff’s Goods: - Where there are characteristics in the Get Up or appearance of the plaintiff’s goods which identifies the goods as those of the plaintiff, any adoption or imitation of the appearance or get up of the plaintiff’s goods by another in a manner likely to deceive will give rise to the tort of passing off. Thus, where the defendant imitates the get up or appearance of the plaintiff’s goods, the defendant is liable for passing off. See Trebor Nigeria ltd v. Associated Industries ltd (1972) NNLR 60 Suit no K/127/71 May 29 1972. Where the plaintiffs claimed that the defendants were guilty of passing off their products as that of the plaintiffs. The court per J. R. Jones (Senior Puisine Judge) held that the defendants had in every aspect from carton to tablet to manufacturing marketed a product as similar as possible to that of the plaintiffs.

Remedies in Passing Off

Passing Off injures the property rights of the plaintiff especially in business. The following remedies can be claimed by the plaintiff in a Passing Off action;

[1816] 2 Mer. 29

R. F. V. Heuston, Salmond on the Law of Torts (16th edn, Sweet & Maxwell London, 1973

Section 67 (1) Trade Marks Act CAP T13 LFN 2004.

Nigerian Law Intellectual Property Watch Inc. https://nlipw.com/a-peek-into-passing-off-cases-in-Nigeriaaccessed on 20 September 2019

1. Damages: - A successful plaintiff in a suit for passing off is entitled to damages. The court can award general damages, special damages or punitive damages. This is because it is presumed that the plaintiff must have suffered losses especially in the course of business.

2. Injunction: - A plaintiff can ask the court to restrain or prohibit the use of a mark subject matter of the passing off suit in court. Further, a perpetual injunction can be granted by the court when the suit has been concluded i.e. the defendant will never use the mark again.

3. A plaintiff can also approach the court to grant him/her the delivery of the goods of the defendant which breach the trademark to be destroyed.

Defense available to a Defendant

The following are available defenses for a defendant faced with a claim of Passing Off;

1. Dissimilarities in the mark between that of the defendant and that of the plaintiff. See Trebor Nig. Ltd. (Supra).

2. Consent of the plaintiff was sought before using the name or mark or slogan as the case may be.

3. The defendant can also plead innocent usage of the plaintiff’s name.

4. The plaintiff’s name or mark has become common/ generic.

5. The mark of the plaintiff is not distinctive.

Passing Off and Trademark Infringement

The tort of passing off arises when a mark, sign or product is unregistered under the Trademarks Act of 1961. The plaintiff has to prove that the mark or sign has sufficient goodwill, an established usage and the identical mark will deceive the innocent man and as such seeks to be protected by the law of passing off. However, passing off claims are time consuming and less straightforward. Trademark infringement unlike passing off involves a registered trademark. Where there has been constant usage of an identical mark by the defendant and such usage is likely to cause deceit or confusion in the course of business. Then that is trademark infringement. See Ferodo ltd. v. Ibeto Industries ltd. It is important to note that once a trademark is registered, it gives the owner (the proprietor of the trademark) the exclusive right to use the trademark in business, marketing, etc.

Who is the Proprietor of a trademark?

This is the individual who is entitled to the exclusive usage of his trademark (every component of the trademark). A claim for passing off can exist along with a claim for trademark infringement. In the event where a claim for trademark infringement fails, the claim for passing off will succeed. In Nigeria, three tests exist for determining whether two trademarks are identical and bear similar resemblance thus leading to trademark infringement.

Nicola Laver, ‘What is Passing Off’ (In Brief) https://www.inbrief.co.uk/intellectual-property/passing-off/accessed on 22 September 2019.

[2004] All FWLR pt. 203 p. 2043.

supra

S. 5 Trade Mark Act 1961

Ferodo (supra) per Niki Tobi JSC (rtd.) p. 2039-2040

1. The mark or sign of the defendant will be confused with the existing trademark of the plaintiff. In the matter of Application of Trademark by Sandow ltd.

2. Where words are the subject of the trademark infringement, a close look at the first syllable of the word will help in determining the infringement. This is because the consumer first comes in contact with the first syllable of the word before tasking the product as genuine.

3. The third test is the visible inspection of the mark, sign or slogan and the sound which is imported by the ear (i.e. if there is confusion arising from describing both products via a telephone conversation). Thus, the eyes and ears are employed. See Alban Pharmacy ltd v. Sterling Products International Inc.

Conclusion

It is therefore appropriate to say that Passing off is a common law concept which prevents the unlawful usage of a man’s mark, sign or goods and services. Passing off protects the property rights of individuals. There are various forms the tort of passing off can take which have been emphasized in this article. Passing off differs from Trademark infringement although an individual can claim both before the court. The difference is while in trademark infringement, the mark or sign has been registered in accordance with the Trademarks Act, on the other hand, passing off involves a mark, sign or goods and services not registered in accordance with the Trademarks Act. Individuals are encouraged to register all marks, goods and services, slogans etc. in other to get the full protection of the law.

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.

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Ferodo ltd. v. Ibeto Industries ltd [2004] All FWLR pt. 203 p. 2043.

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