ANYANWU TOCHUKWU VIVIEN

17/LAW01/062

LAW OF TORTS

LPB 302

**Question**

Discuss the relevance of Passing Off as a form of Economic Torts in the 21st Century Nigeria.

Use NALT guidelines for footnotes, you should also include a bibliography at the end.

Times New Roman Font size 12, 1.5 spacing, maximum of 5 pages

The 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. Passing off is a form of Economic tort that can be defined as the misrepresentation of one‘s own product as that of another in an attempt to deceive possible buyers. Passing off is a common law action that protects unregistered trademark rights. In the tort of passing off, a person sells his goods or does his business under a name or trademark of another person in order to gain potential buyers. The tort of passing off prevents one trader from falsely representing goods or services as being the goods and services of another, and also prevents a trader from holding out his or her goods or services as having some association or connection with another when this is not true. The tort of passing off protects the goodwill of a trader from unfair practices by another person. Goodwill can be defined as the part of business value over and above the value of identifiable business assets. Basically it is an intangible asset. According to Lord Kingsdown, “the fundamental rule is that one man has no right to put off his goods for sale as the goods of a rival trader.” According to *Sir John Salmon*, in his book *LAW OF TORT*  “The law of passing off is designed to protect traders against that form of unfair competition which consists in acquiring for oneself, by means of false or misleading devices, the benefit of the reputation already achieved by rival traders.” However, passing off and trademark rights are very similar. The difference is that In passing off, there‘s an emphasis on the damage to the goodwill of a person or business, while in trademark it is not necessary. Also, under Trademark laws, if the trademark is not registered, a person cannot bring an action, while in passing off a person with an unregistered trademark has a remedy.

Passing off is both a common law and statutory remedy in Nigeria as it is statutorily supported by Section 3 of the Trademarks Act[[1]](#footnote-1) 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".* The first case of passing off was in the case of Southern v. How[[2]](#footnote-2) reported in 1618 In this case mark of an eminent clothing brand was used to dupe a customer, who bought the defendant’s low grade clothing thinking it was the plaintiff’s brand. The defendant was held liable. This though was more a case of deceit, but the principle of passing off clearly started its journey from this case. There are three types of passing off, including the classical passing off, extended passing off and Reverse/ inverse passing off.

The tort of passing off is prevalent is business environments. In the business world, companies need competition to thrive, and every company or organization has a strategy to reach their goal. Unfortunately, some companies bring unfair competition to the table by passing off another‘s product as their own, thereby deceiving potential buyers into buying their product. The relevance of the tort of passing off is to protect a person‘s business interest from unfair trade practices of other people. The tort of passing off aims to protect the benefit and advantage of the good name, quality, reputation, patronage and customers of the business from unfair competitors. The plaintiff doesn’t have to prove damages in order to succeed, once passing off has been committed. The plaintiff has the right to sue as long as he can prove that the defendant‘s action was aimed at deceiving the market/potential buyers. According to Justice Nnaemeka Agu in The Boots Company Limited V United Niger Imports Limited*[[3]](#footnote-3)* certain things have to be proven to succeed, they include: one must prove that;

1. Proof that the name, mark, sign which the plaintiff claims ownership has become distinctive of his goods and is regarded by a substantial number of the public or persons involved in a trade in the relevant market as coming from a particular source;
2. That the defendants used a similar name, mark or sign to the plaintiff's that it is likely or calculated to deceive or cause confusion in the minds of the potential customer;
3. That the use of the name, mark, sign is likely to cause or has caused injury, actual or probable to the goodwill of the plaintiff's business.

In Nigeria, the tort of passing off is a big issue, especially in stores where goods aren’t properly labelled, rivals can use that as an opportunity to make similar goods with similar names and package details. For example, the super glue company, Alneco passed off their goods as that of Alneco, by using a very similar name and package. The only way one will know the difference is if they look closely at what is on the shelf. In the case of *Trebor Nigeria Limited v. Associated Industries Limited[[4]](#footnote-4)*, Trebor Nigeria Limited the makers of Trebor Peppermint brought an action against 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 the Plaintiff and that they were guilty of Passing off their products like that of the Defendant. The Defendants raised divergences in the two products as a defence to the action, the Judge however found the Defendants liable for Passing off their products as that of the Plaintiff. In this case passing off occurred by the use of a package strongly similar with that of another product such as to deceive the public that they are one and the same. Also in the case of *Niger Chemists Limited V. Nigeria Chemist[[5]](#footnote-5)*, the Plaintiff had an established chemist 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 Court agreed with the Plaintiff and granted an injunction against the Defendant on the use of the name. In this case passing off occurred by the use of a trade name similar with that of another such as to deceive the public that there exists a business relationship between the two.

In Nigeria, a cause of action in ‘passing-off’ forms part of the several aspects of the Common Law and the doctrines of Equity that were received from England into the Colony of Lagos. This was done under the reception legislation, that is, Ordinance No. 3 of 1863 effective from the 4th of March 1863.6 This effectively introduced the British legal system into the Colony and was a lead-up to the establishment of the first Supreme Court for the Colony in 1863 that exercised civil and criminal jurisdiction. In Nigeria, only the Federal High Court has the jurisdiction to try matters concerning passing off. This is statutorily backed by Section 251 (1) (F) of the 1999 Constitution of the Federal Republic of Nigeria[[6]](#footnote-6), and it states thus;  “Notwithstanding anything to the contained in this Constitution and in addition to such other jurisdiction as may be conferred upon it by an Act of the National Assembly, the Federal High Court shall have and exercise jurisdiction to the exclusion of any other court in civil causes and matters relating to any Federal enactment relating to copyright, patent, designs, trademarks and passing-off, industrial designs and merchandise marks, business names, commercial and industrial monopolies, combines and trusts, standards of goods and commodities and industrial standards…” Section 7 (1) of The Federal High Court Act[[7]](#footnote-7) deals with jurisdiction of the Court and it provides that the Court shall have exclusive jurisdiction to try, among other things, civil causes and matters relating to ‘any federal enactment relating to copyright, patent, designs, trademarks and passing-off…’ Section 3 of the Trademark Act 2004[[8]](#footnote-8) also protects the tort of passing off in Nigeria, it provides that ‘No person shall be entitled to institute any proceedings to prevent, or to recover damages for, the infringement of an unregistered trade mark; but nothing in this Act shall be taken to affect the rights of action against any person for passing off goods as goods of another person or the remedies in respect thereof.’

In 21st century Nigeria, and the world at large the number of Small and Medium Enterprises are increasing, mainly due to lack of job opportunities or the need to be your own boss. In order to be ahead or to thrive, some companies may imitate the product and services of already large companies or other SME‘s in the same industry. In order to protect a person‘s goods, the tort of passing off protects one‘s brand name, and package from being imitated. This tort allows the owner to sue and recover damages when another person has caused injury to his business. Small and medium businesses should be enlightened and educated to explore the possibility of seeking legal actions on passing off and take advantage of the remedies available to protect their goodwill, trade name and profits. In Nigeria, the Federal High Court now has the jurisdiction to decide over cases concerning passing off, whether the trademark is registered or not. In Patkun Industries Ltd. V. Niger Shoes Ltd 1988[[9]](#footnote-9). The Supreme Court held that the Federal High Court has jurisdiction in trademarks infringement and Passing off actions stemming from the infringement of trademarks, whether registered or unregistered. The court also took similar judgement in Omnia (Nig) V. Dyktrade Ltd 2007[[10]](#footnote-10). In the case of Ayman Enterprises Ltd V. Akuma Industries Ltd and ors 2003[[11]](#footnote-11), Nnamani Jsc, Uwias JSC and Mohammed JSC held that a passing off action for an unregistered trademark should be instituted in a State High Court and not in a Federal High Court as the right of action in a passing off did not arise from the infringement of any federal enactment and so may only be a common law right but that the Federal High Court has jurisdiction over passing off claims arising from the infringement of a trademark allegedly infringed was registered. In Nigeria, trademark registration takes two years, and within the two years one is issued acknowledgement and acceptance forms while waiting to get their products registered, however, these forms don‘t mean that their products are registered, it is only when the Registrar of Trademark indicates trademark registration that one‘s product is marked. However, a person who has only been issued acknowledgement and acceptance forms can only take an action in passing off of a mark. For instance, in the case of Omnia (Nig) V. Dyktrade Ltd 2007[[12]](#footnote-12), the court held that a party is not entitled to sue for infringement of a trademark which had not been registered and that the mere issuance of acceptance by the Registrar of Trademarks of the applicant‘s application does not amount to registration until the certificate of registration has been issued to the applicant.

A defendant can defend himself by; claiming that consent such as licence was given to him by the plaintiff to produce or market his goods, stating that the passing off was innocent, by stating that the plaintiff‘s name, mark and slogan has become a generic place, stating that there was an innocent usage of the plaintiff‘s name, among others. There are remedies that can be claimed in a passing off action, and they include; damages, injunction, account for profit or loss of sales, and intervention by the relevant regulatory agencies such as NAFDAC, SON, etc.

In conclusion, passing off is not a criminal offence such that one cannot report to the police or any appropriate authority. Passing off is aimed at preventing someone from damaging the goodwill of another person and claiming another person‘s goods as their‘s. In Nigeria, the Federal High Court covers all trademark cases whether registered or unregistered.

# Bibliography

*An appraisal of passing off actions under Nigerian law* . (n.d.). Retrieved from www.tundeadisa.com: http://tundeadisa.com/an-appraisal-of-passing-off-actions-under-nigerian-law/

legal, T. a. (2018, June 5th). *Nigeria: An Appraisal Of Passing Off Actions Under Nigerian Law*. Retrieved from www.mondaq.com: https://www.mondaq.com/Nigeria/Intellectual-Property/704160/An-Appraisal-Of-Passing-Off-Actions-Under-Nigerian-Law

Malemi, E. (2013). *Law of Tort.* Lagos: Princeton Publishing Company.

*passing off*. (2018, may 23). Retrieved from www.iptlc.org.ng: https://iptlc.org.ng/passing-off/

*TRADEMARK INFRINGEMENT: SUING FOR PASSING OFF IN NIGERIAN COURTS*. (n.d.). Retrieved from https://www.templars-law.com/wp-content/uploads/2017/07/TRADEMARK-INFRINGEMENT\_SUING-FOR-%E2%80%98PASSING-OFF%E2%80%99-IN-NIGERIAN-COURTS.pdf

1. CAP T13 Laws of the Federation of Nigeria, 2004 [↑](#footnote-ref-1)
2. 1618 [↑](#footnote-ref-2)
3. (1977) 1 A.N.S.L.R 144  [↑](#footnote-ref-3)
4. (1972) NNLR 60 [↑](#footnote-ref-4)
5. (1961) ANLR 180 [↑](#footnote-ref-5)
6. Section 251(1) (f) of the 1999 Nigerian Constitution. [↑](#footnote-ref-6)
7. Section 7 (1) of The Federal High Court Act [↑](#footnote-ref-7)
8. CAP T13 Laws of the Federation of Nigeria, 2004.  [↑](#footnote-ref-8)
9. (1988) NWLR (Pt.93) 138 [↑](#footnote-ref-9)
10. (2007) 15NWLR (Pt. 1058) 576 [↑](#footnote-ref-10)
11. (2003) LPELR-SC.116/1999  [↑](#footnote-ref-11)
12. Supra @ 10 above [↑](#footnote-ref-12)