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ASSIGNMENT TITLE: **Discuss the relevance of the economic tort of passing off in the 21st century Nigeria.**

**INTRODUCTION**

Passing Off is a common law tort established long before trademarks could be registered. It was originally intended to protect traders by allowing them to bring an action against a trader attempting to sell off their established reputation (goodwill) by using a similar mark as their own.

In 1875 when a statutory system of registering trademarks was introduced, it created a very important requirement that enabling a business name to be easily identified alongside its objectives, products and trademarks to the exclusion of anyone other than the proprietor of the trademark or business. More so, a business name creates exclusivity in business especially when such name has been registered under the legally recommended body.

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

This law of tort seeks to protect business names, names of product, and trademarks among others. Anybody who attempts to cause confusion by illegal activities bordering on imitation, deceit, fraud in economic activities may be liable for the tort of passing off.

It presupposes therefore, that, such business must be established by the party alleging infringement.

The relevance of the Economic tort of passing off and it application in the Modern Nigerian society will be the focus of this paper. The recommendation and remedies to stem the tide in the increase in the level of passing off in the 21st Century Nigeria will also be discussed.

**The Meaning of Passing Off**

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.

Another definition of Passing off is the act or an instance of falsely representing one's own product as that of another in an attempt to **deceive potential buyers**.[[1]](#footnote-1) Passing off is actionable in tort under the law of unfair competition.

An action for Passing off is a common law remedy and the claimant need not establish title for same but must show that the goods/services have distinctive features. Passing off is an action on unregistered marks that have become notoriously attributable to a person or company.

It is arguable to state that Passing off is both a common law and statutory remedy in Nigeria as it is statutorily supported by ***Section 3 of the Trademarks Act***[[2]](#footnote-2) 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 Economic Tort of Passing Off in Nigeria**

In Nigeria, the body responsible for registration of business names is **the Corporate Affairs Commission (CAC)** and the **Companies and Allied Matters Act 2004 (CAMA)** is the law

that provide the guidelines.

However, there are limitations under these laws such as time limit under **Section 31(1) CAMA**, the time limit within which CAC can compel a company to change its name is 6 months from the date the offending name was registered. Also where the offending name is not registered, there will be no point applying to CAC since in reality, there is no person to compel.

However, where a situation like this arises, the only remedy available will be through a common law action under **the Economic Tort of Passing Off**. This tort arises when, in a competitive business environment where a person directly affects the Plaintiff’s business interest by marketing his goods as that of the other person or any other factual misrepresentation to deceive the purchasing public.

**The Relevance of the Economic Tort of Passing Off in the 21st Century Nigeria**

The Tort of Passing Off seeks to demolish the **unfair competition created by the defendant by adopting the plaintiff’s goodwill and reputation in a manner calculated to deceive the purchasing public that he is marketing the plaintiff’s goods. Therefore with the appearance of new technological advancement in the Nigerian Society coupled with more inventions and intellectual property, the importance of Passing Off cannot be overemphasized enough.**

1. **Protection of Intellectual Property:**

This tort remains the sole action for those who do not register a potentially registerable trade and for those marks, which remain non-registerable due to the limitations of the **Corporate Affairs Commission (CAC)** and the **Companies and Allied Matters Act 2004.**

**One of the circumstances Passing Off goes further in its protection than Trade mark laws is where descriptive words are concerned. Trademark laws prevent registration of descriptive words unless qualified by the provision that they have acquired a ‘distinctive character. For example, the word “camel hair” for belts in Reddaway v Banham[[3]](#footnote-3) was held to be of distinctive character. However, in Cleaning Services Ltd v Westminister Window and General Cleaning Cleaners Ltd**[[4]](#footnote-4) **where the Office Cleaning Services as the name of the company providing cleaning services were merely laudatory word.**

The court must find the new name so closely similar to that of the plaintiff that the consumers are likely to deal with the defendant thinking that they are dealing with the plaintiff - **Niger Chemists Ltd v Niger Chemists[[5]](#footnote-5).**

**Other devices which the law has recognised as badges purposes of passing off actions are the packaging in which goods are presented to the public, advertising techniques and themes and the use of personalities and characters.**

1. **Protection of Right of Property that exists in the Reputation or Goodwill of the Plaintiff:**

**The Tort has been developed for the protection of the property which exists not in a particular name, mark or style, but in an established business, commercial or professional reputation or goodwill. Those terms embrace the enjoyment of custom and business connection, popularity and good name, and indeed, all that attracts favour and business to a particular concern and to the goods and services supplied. This good name may be damaged in a number of ways by a wide range of factual misrepresentation.**

**For instance,** an action may lie in passing off when the defendant, who is engaged in similar business as the plaintiff, adopts a similar name in a manner calculated to make the consumers of the goods or services believe that he is part of the plaintiff’s organization - **Tussaud v Tussaud[[6]](#footnote-6)**

1. **Enforcement of Trademark infringement:**

Due to the fact that a lot of people in Nigeria do not engage in trademark registration, an action in passing off will succeed. Actions alleging passing off are often brought when a case of trademark infringement does not lie. For example, where a trader has built up goodwill but failed to register or failed to renew a registration a potentially registerable mark for whatever reason it is still necessary to offer some sort of protection to prevent other traders from benefitting from the goodwill. The use of a similar name by another party in connection with similar products and services that cause confusion and deception may thus be remedied by bringing action alleging that the second party is passing off his or her goods as those of the plaintiff.

Aside from the key component of deception, in order to maintain an action for trademark infringement, Justice Nnaemeka Agu, in the 1977 case of **The Boots Company Limited V United Niger Imports Limited*[[7]](#footnote-7)*** carefully outlined what he considered to enable the plaintiff show his goodwill and reputation from his established business is legitimate to the detriment of any other person who poses his products or service is that there should be:

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.

1. **Enables business proprietors to continue to earn profit by providing remedy to the plaintiff:**

Passing off may be enjoined and damages may be awarded to compensate the plaintiff for damages suffered, including lost profits.

Remedies such as Injunction, damages, an order for the destruction for infringing goods, anton piller orders which allows for inspection of goods in possession of the infringer and compensation for lost profits may be awarded appropriately.

**Injunction:** This is an order of the Court to prohibit or suspend the use of a mark. This is usually the first relief sought to suspend the use of the mark pending the outcome of the case and a perpetual injunction when the case has been concluded to totally stop the use of the mark.

**Damages:** It has been established through decided cases that a successful litigant in a Passing off action is entitled to damages. Damages here could be general, special or punitive. These usually emanate from losses which are presumed to have been suffered by a Plaintiff in a Passing off action.

**Delivery up for destruction of infringing goods:** This is usually claimed where physical goods are involved. This occurs where goods are produced in breach of the trademark of another identical product. Thus, the Plaintiff usually claim for the goods to be delivered up especially so that it can be destroyed.

**Anton Piller Orders:** This is an order for inspection and delivery up of infringing materials in the possession or control of an infringer -  *Ferodo Limited & Anor. V. Ibeto Industries Limited[[8]](#footnote-8).*

**Account of profit:** Here the Plaintiff is entitled to profit on goods wrongly sold by the infringer.[[9]](#footnote-9)

1. **Striking out the Confusion the Imitation of a good or service might bring to the public:**

In an environment like the one applicable in Nigeria where the government employs less than a quarter of its own population the remaining three quarter of the population are free to be engaged in businesses which are not watertight with legal regulation. In this kind of environment, it is expected that the high level and complexities of passing off will be expected.

Variation of the same product by different companies and marketing and advertising agencies has brought the incidence of passing off to a high level. In the health sector of the Nigerian economy, the problem of adulterated drugs is the bane of that sector either in the estimation of individuals or in the estimation of experts in the government hospitals and even experts in the medical manufacturing sector.

In **Och-Ziff Management Europe Ltd and another v Och Capital LLP and another**[[10]](#footnote-10), there was confusion as to the variety of trademark in issue which involved the word ‘OCH’. At the point of trade there was no confusion, as members of the public knew they were dealing with Och-Ziff. However, pre-sale, various individuals had independently contacted Och-Ziff asking whether they had moved offices after seeing a sigh for OCH Capital in the window of Och Capital’s offices. In the end, the court held that the several uses of ‘OCH Capital’ infringed the registered trade mark law, concluding that there was a ‘manifest likelihood of confusion’.

Also in **L’Oreal SA v Bellure** **NV**[[11]](#footnote-11), where Bellure’s business model was to sell cheap “knock off” perfumes whose smell alluded to the smell of L’Oreal’s own perfumes. Even though there was no confusion pre-sale and at the point of trade as consumers knew what they were buying and who they were buying from, it was found there was post sale confusion and therefore there was unfair advantage.

**Conclusion**

The purpose of an action for Passing off is to prevent one trade from damaging or exploiting the goodwill and reputation built up by another. The principle is that no man is entitled to represent his goods or his business as that of another. It is therefore our recommendation that the necessary framework for Passing off actions be strengthened to defend the goodwill and reputation of businesses.

Furthermore, 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 particular, we have observed that the Trademarks Registry has witnessed a serious backlog in the successful completion of the registration of marks and this has the resultant effect of limiting the rights of most product owners to Passing off as opposed to the an action on the infringement of a trademark. It is therefore suggested that the Trademarks Act be further amended to reflect the times, happenings and changes in the Nigeria.

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