

LAW OF TORT: THE RELEVANCE OF THE TORT OF PASSING OFF

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LAW OF TORT II

**Abstract**

This paper is an incisive analysis of the tort of passing off and its relevance to Nigeria today. The paper begins with concise definitions of the tort of passing off from numerous sources. There is no perfect definition of this tort and as such, numerous scholars define the tort in various ways but what has been perceived to be an almost accurate definition is analysed in this paper.

**Introduction**

It is trite law that there is no perfect definition of any term as each definition can be criticized to exclude a certain aspect of such term. However, in the course of this paper numerous definitions of this tort would be given which should provide the reader of this paper with a broad view of this tort as well as its relevance to the 21st century Nigerian society.

The tort of passing off is committed where the plaintiff’s goods are passed off by the defendant as being his own (that is, the defendant’s) goods.[[1]](#footnote-1)

***Duhaime’s Law Dictionary*** defines passing-off as misrepresentation that one’s business is that of, or connected with another, in a way likely to cause damage.

Passing off happens when someone deliberately or unintentionally passes off their goods or services as those belonging to another party. This action of misrepresentation often damages the goodwill of a person or business, causing financial or reputational damage.

According to *Wikipedia*-

*passing off is a common law tort which can be used to enforce unregistered trade mark rights. The law prevents one trader from misrepresenting goods or services as being the 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.*

Ese Malemi explains the tort of passing off thus

*“the false representation of one’s product or business as that of another person, thereby deceiving buyers to patronise it. Passing off is the selling of one’s product, or the carrying on of one’s business as if it were that of another person whose reputation and goodwill one thereby enjoys.[[2]](#footnote-2)”*

In the case of ***Erven Warnink BV v Townsend & Sons (Hull) Ltd****[[3]](#footnote-3)*, the court developed what is known as the extended tort of passing off which included any situation where goodswill is likely to be injured by a misrepresentation. Lord Diplock also established five criteria for a claim of extending passing off. He enumerated the following:

*1. misrepresentation[[4]](#footnote-4)*

*2. by a trader in the course of trade*

*3. to prospective customers of his or ultimate consumer of goods or services supplied by him,*

*4. which is calculated to injure the business or goodwill of another trader[[5]](#footnote-5), and*

*5. which causes actual damage to the business or goodwill of the trader bringing the action.*

The purpose of this tort is to protect the plaintiff’s financial interest in his property. It also protects the reputation and goodwill a business has built up for itself from infringement[[6]](#footnote-6).

**Relevance of The Tort of Passing Off to The 21st Century Nigerian Society.**

In Nigeria today, it can be seen that there are numerous companies have begun to spring up and as such, it is quite important to have a legal process which would protect these companies that have original designs, ideas, inventions, drawings, etc. from being abused[[7]](#footnote-7) by another person. This tort protects the plaintiff’s financial interest in his/her property and as such, this tort is intertwined with intellectual property infringement[[8]](#footnote-8) and this is because passing off is a common way individuals infringe on the intellectual property rights of others.

Where a business has worked hard enough to ensure the popularity and efficiency of their product, it would be rather unfair if a third party comes in possession of such business’s product to present it as theirs (thereby receiving all the accolades and benefits that the original company should have gotten). In this instance, the business that owns the goods originally would suffer loss as they would have lost a customer (unknown to the customer) to the third party or in the instance where the goods passed-off are not merchantable, they would loss the customer as the customer would begin to believe that such good made by the original business owners as not” worth buying”.

A practical example of this is the renowned cement company in Nigeria, ***Dangote Cements***. If Mr. A (producer of an inferior cement) should pass of bags of cement to Mr. B, and Mr. B buys the cement thinking it is indeed a product of the popular cement company, Dangote Cement would lose the money they would normally gain if the original goods were to be sold. Similarly, if Mr. B uses the cement and finds out that the cement was inferior, he would then believe that the cement made by Dangote Cement is not as good as advertise and may restrain from purchasing cement from Dangote cements in the future or could advice his close friends and family not to purchase cement from Dangote Cements again which would create a bad name for the company.

From the above illustration, it can be seen that without a form of repudiation under this head of tort, numerous fraudulent individuals in the country would take advantage of the reputation good businesses have put up for themselves which would be unfair to such businesses. In the case of ***White Hudson & Co Ltd v Asain Organisation Ltd[[9]](#footnote-9)***, the court held that the people living in that area purchased the defendant’s goods because they thought it belonged to the plaintiff, thereby reducing that amount of income the plaintiff could have easily made if not for the product the defendant sold.

It is a known fact that in Nigeria, especially in the eastern part of the country, there are numerous youths skilled with the act of creating products very similar to the original products (fake goods) and selling them at different price range (from the price of the original product to a ridiculously low price) with the intention to take advantage of the buyers trust in the reputation of the original company. As a result of this, it is obvious that the tort of passing of would forever remain crucial to ensure that the original company gets some remuneration for whatever loss the tortfeasor could have caused.

Here in Nigeria (and many other jurisdictions), this tort is concerned with the protection of an established trade goodwill[[10]](#footnote-10) already acquired by a trade mark or trade name[[11]](#footnote-11). This is to the effect that where a company already has an original idea or invention and registers such under the Trademark Act,[[12]](#footnote-12) the use or sales of that same product by another party who presents the product as his/hers would constitute the tort of passing off.

**DEFENCES**

1. Consent: a claim for passing off would fail if the defendant can prove that he had the express permission (consent) of the plaintiff. Where such defendant can prove this, it would amount to a complete defence.
2. Use of own name: when the defendant uses his/her own name to register his business, (s)he is not responsible for any confusion that may occur which would normally lead to the tort of passing off.[[13]](#footnote-13)
3. Generic names/mark: as a general rule. If the name of the good is a generic one, it would serve as a good defence.

**REMEDIES**

1. Injunction: as a remedy to the tort of passing off, this order is granted by the court to prohibit, prevent or suspend the use of a mark. Generally, this remedy is the most common remedy sought by a plaintiff. In the case of ***John Walker & Sons v Henry Ost & Co. Ltd[[14]](#footnote-14),*** the plaintiff whisky distiller claimed in passing off against the defendant who supplied bottles and labels to a distiller in Ecuador. The court granted an injunction to the plaintiff.
2. Damages: as a remedy to this tort, damages could be either general, special or punitive[[15]](#footnote-15). This is sought out when there are losses that are presumed to have been suffered by the plaintiff. It is mostly granted with an injunction.
3. Account for profit or for loss of sales: here, the plaintiff is entitled to the profit on the goods wrongly sold by the infringer[[16]](#footnote-16).

**Conclusion**

From the study above, it is pivotal to state that this tort is very crucial to Nigeria and even to the economy as it encourages young people to carry out their original ideas with the assurance that if their product (idea) is passed-off, they can sue for damages and also get an injunction against the party that passed-off their product. On the other hand, the tort also discourages people from passing off products which does not belong to them as theirs which could encourage them to invest their creativity into new products and ideas. Once locally made products are original, then they could be safely and easily exported outside the country which would lead to an increase in the country’s GDP.

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1. Smaranda Olarinde and Clement Chigbo and Nnamdi Ikpeze, *The Modern Law of Torts: A Kaleidoscopic perspective* (Afe Babalola University Press 2018), page 333. [↑](#footnote-ref-1)
2. This is evident in the case of ***White Hudson* v *Asian Organisation ltd* (1964) 1 WLR 1466**, where the defendant sold sweets in a similar red cellophane wrapper as the plaintiff which made a lot of consumers buy the defendants sweets thinking that it was the popular cough sweet of the plaintiff as evidence showed that the people in Singapore could not speak proper English and could descried the sweet by the wrapper each time they wanted to buy it. [↑](#footnote-ref-2)
3. (1979) AC 731. [↑](#footnote-ref-3)
4. Deceit of one person (the defendant), that his goods, business or services are those of another person in other to capture the patronage of the customers of a rival trader and enjoy his goodwill. [↑](#footnote-ref-4)
5. In most cases, it is not a good defence for the tortfeasor to prove that he did not calculate that his actions will constitute a tort. The plaintiff just needs to prove that the defendant’s activity is likely to deceive the public. This tort is a strict liability hence, innocence passing off cannot constitute a defence as seen in the case of ***Gillette UK Ltd* v *Edenwest Ltd* (1994) RPC 279 at 290.** [↑](#footnote-ref-5)
6. The rationale behind this is that in the world today, various businesses are in competition with each other and it would be unfair if a business takes advantage of the name, structure, appearance or appeal a particular product has in other to cajole customers to buy a product with the belief that it belongs to another person/business. [↑](#footnote-ref-6)
7. In terms of passing off a product as theirs when in truth, such product belongs to someone else. [↑](#footnote-ref-7)
8. This is a category of property that includes intangible creations of human intellect which aims to encourage the creation of a wide variety of intellectual goods. This includes; patents, copyright, industrial design rights, trademarks, plant variety rights, trade rights, etc. [↑](#footnote-ref-8)
9. [1964] 1 WLR 1466 [↑](#footnote-ref-9)
10. It is important to note that the party alleging infringement must establish goodwill. [↑](#footnote-ref-10)
11. Trademark Infringement: Suing for ‘Passing-Off’ In Nigerian Courts by Templars Law [↑](#footnote-ref-11)
12. 1965 which was revised and included in LFN 2004. [↑](#footnote-ref-12)
13. This defence was recently received considerable in Europe as a result of the EU regulation 2015/2424 which came into force on the 23rd of March 2016. This was also held in the case of ***The Audience Motivation Company Asia Pte Ltd v AMC Live Group China (S) Pte Ltd*** [2016] SGCA 25. [↑](#footnote-ref-13)
14. (1970) 2 106. [↑](#footnote-ref-14)
15. ***Rookes v Barnard*** [1964] AC 1129. [↑](#footnote-ref-15)
16. Nwabachili, Chudi C, Intellectual Property and Law in Nigeria. [↑](#footnote-ref-16)