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ABSTRACT

The study of the law of passing off and its application in Nigeria is necessary because there is a high rate of infringement regarding trademark and products in Nigeria. The situation in Nigeria has become one that the majority of the population do not even know what constitutes passing off and what does not constitute passing off.

This paper aims at providing a brief overview on economic torts as a whole and then the law of passing off examined before discussing the relevance of this law in Nigeria.

Key Words: Law of Passing Off, Nigeria, Relevance.

1.0 ECONOMIC TORTS

1.1 DEFINITION OF ECONOMIC TORTS

Economic torts are torts which inflict mainly economic losses. In other words, economic torts are torts which inflict financial losses or financial injury. Economic torts occur mainly in the economic, commercial or business sector of life¹. Economic torts are many and include:

1. Passing off,
2. Breach of intellectual property rights; such as breach of copyright, patents, trademark, and other merchandise marks,
3. Injurious falsehood,
4. Interference with contracts,
5. Conspiracy to interfere; that is civil conspiracy and so forth.

Economic torts protect people from interference with their trade or business. The area includes the doctrine of restraint of trade and has largely been submerged in the twentieth century by statutory interventions on collective labour law, modern antitrust or competition law, and certain laws governing intellectual property, particularly unfair competition law. The "absence of any unifying principle drawing together the different heads of economic tort liability has often been remarked upon."²

In *Mogul Steamship Co Ltd v McGregor, Gow & Co*³, the plaintiffs argued that they had been driven from the Chinese tea market by a 'shipping conference' that had acted together to under-price them. But this cartel was ruled lawful and "nothing more than a war of competition waged in the interest of their own trade"⁴. Nowadays, this would be considered a criminal cartel.

Tort law provides a framework for dealing with negligent or intentional acts done against a person's business or livelihood. Harsh business practices alone, however, are not enough to form the basis of this tort⁵.

¹ Ese Malemi (2017) *Law of Tort*, 2nd ed, Princeton Publishing Company, p 646

² p.509 *Markesinis and Deakin's Tort Law* (2003 5th Ed.) OUP

³ (1889) LR 23 QBD 598

⁴ per Bowen LJ, (1889) LR 23 QBD 598, 614

⁵ *Mogul Steamship Co Ltd v McGregor, Gow & Co* [1889].

2.0 PASSING OFF

2.1 DEFINITION OF PASSING OFF

The law of passing off prevents one trader from misrepresenting 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.

Passing off is of particular significance where an action for trade mark infringement based on a registered trade mark is unlikely to be successful (due to the differences between the registered trade mark and the unregistered mark). Passing off is a common law cause of action, whereas statutory law such as the **United Kingdom Trade Marks Act 1994** provides for enforcement of registered trademarks through infringement proceedings. Nevertheless, even where there appears to be a strong case of trade mark infringement it remains common to run a parallel claim for passing off and it will be the only remedy where the law of trade mark is inapplicable or the registration is invalid or, of course, where there has been no attempt at registration.⁶

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.

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**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".

In the case of *Trebor Nigeria Limited v. Associated Industries Limited*⁸, Trebor Nigeria Limited the makers of Trebor Peppermint brought an action against Associated Industries

⁶ A trade mark is not to be registered in so far as its use is liable to be prevented by the law of passing off: Trade Marks Act 1994, s.5(4)(a). The gist of passing off is deceptive resemblance; but in the case of copyright, although there typically is resemblance, the gist of the complaint is that the defendant's work is derived from the claimant's: *Designers Guild Ltd v Russell Williams (Textiles) Ltd* (2001) 1 WLR. 246.

⁷ CAP T13 Laws of the Federation of Nigeria, 2004

⁸ (1972) NNLR 60

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.

2.2 ELEMENTS OF PASSING OFF

When coming to Court, there are three elements, often referred to as the Classic Trinity, in the tort which must be fulfilled. In *Reckitt & Colman Products Ltd v Borden Inc*⁹, Lord Oliver reduced the five guidelines laid out by Lord Diplock, in *Erven Warnink v Townsend & Sons Ltd* (the "Advocaat Case")¹⁰ to three elements:

1. Goodwill owned by a trader: The plaintiff has the burden of proving goodwill in its goods or services, get-up of goods, brand, mark or the thing standing for itself.
2. Misrepresentation: The plaintiff also has the burden of proof to show false representation (intentional or otherwise) to the public to have them believe that goods/services of the defendant are that of the Plaintiff. There must be some connection between the plaintiff's and defendant's goods, services or trade. They must show likelihood or actual deception or confusion by the public. Deception or confusion, however, does not consider a "moron in a hurry."¹¹
3. Damage to goodwill: For the element of damage to goodwill, there may be a loss or diversion of trade or dilution of goodwill. The plaintiff need not prove actual or special damage; real and tangible probability of damage is sufficient. This damage should however be reasonably foreseeable. It is not enough just to show likelihood or actual deception or confusion.

2.3 VARIETIES OF PASSING OFF

1. Simple Passing Off: The representation must be such as to cause confusion in the public mind between the claimant's business or goods and the defendant's goods or business: false statements disparaging the claimant's goods are actionable as malicious falsehood or libel and statements falsely exaggerating the worth of the

⁹ (1990) 1 All ER 873

¹⁰ (1979) AC 731, 742 (HL)

¹¹ Peter, Groves (2011). "*Morning Star Cooperative Society v Express Newspapers Limited*". *A Dictionary of Intellectual Property Law*. Edward Elgar Publishing. p. 202.

defendant's wares were not, as such, actionable by a competitor even though he has suffered damage thereby.¹²

2. Trade Marks: A common form of passing off involves copying or imitating the claimant's registered trade mark, in which case there has always been the possibility of claims both under the trademark statute and common law.¹³
3. Imitating the get-up of goods: An example of passing off by imitating the get-up of the claimant's goods (now also covered by the law of trademarks) is *Reckitt & Coleman Products Ltd v Borden Inc.*¹⁴ The claimants had for a good many years sold lemon juice ("Jif") in the United Kingdom in a "squeezy container" in the form of a small plastic lemon. They obtained an injunction against the defendant's attempt to sell lemon juice in a similar but not identical container.¹⁵
4. Descriptive Words: Had the claimants in *Reckitt & Coleman* been for many years the sole producers of lemon juice in the country, selling it in bottles labelled "Lemon Juice" it is clear that they could not have restrained a competitor from entering the market and doing the same thing for no one is entitled to fence off and monopolise descriptive words of the English language.¹⁶ A leading case is *Reddaway v Banham*¹⁷ where it was held that, "camel hair belting", which had originally signified nothing more than belting made with camel hair, had come to signify belting made by the claimants.¹⁸
5. Use of Own Name: As a general rule, a person can freely use his own name, or one which he has acquired by reputation, although the use of it inflicts damage on someone else who has the same name as in the case of *Paker-Knoll Ltd v Paker-Knoll International Ltd.*¹⁹

¹² *BBC v Talksport Ltd* (2001) FSR 6 (false claims that broadcasts were live, no interference with claimants' goodwill); *Schulke & Mayr UK Ltd v Alkapharm UK Ltd* (1999) FSR 161.

¹³ *British Telecommunications Plc v One in a Million Ltd* (1999) 1 WLR 903

¹⁴ (1990) 1 WLR 491.

¹⁵ There was nothing to prevent the defendants selling lemon juice in bottles (as they were doing) or in plastic carrots, but as a matter of marketing reality if not bottles it was lemons or nothing.

¹⁶ *Marcus Publishing Plc v Hutton-Wild Communications Plc* (1990) RPC 567 at 597. Note that the risk of confusion in the public's mind might be just as great where the claimant was an established de facto monopolist.

¹⁷ (1896) AC 199.

¹⁸ In 1993 it was held, upon the facts, that a Belgian manufacturer did not sufficiently distinguish his goods from the claimants' by describing them as "Lechat's camel hair belting": *Reddaway & Co Ltd v Hartley* (1930) 48 RPC 283.

¹⁹ (1962) RPC 265

3.0 RELEVANCE OF PASSING OFF AS A FORM OF ECONOMIC TORTS IN THE 21st CENTURY NIGERIA

Protecting your product can be the best thing you can do especially in a country like Nigeria where there is a high rate of passing off and copyright infringement. In cases of unregistered trademarks, a person may need to bring an action to prevent ‘passing off. A person can prevent others from selling or marketing his products or confuse the public into believing they are one and the same products by proving the extent to which his goods are being sold.²⁰

Legal protection of products in Nigeria is regulated by **The Copyright Act, 1988 as amended in 1992 and 1999**, the **Trademarks Act of 1965**, and the **Patent of Designs Act of 1970**.

3.1 IMPORTANCE OF THE LAW OF PASS OFF IN NIGERIA

1. It enables businesses in Nigeria to continue to earn profit.
2. The tort of passing off helps to protect the right of property that exists in goodwill (i.e. business value):²¹

For the element of damage to goodwill, there may be a loss or diversion of trade or dilution of goodwill. The plaintiff need not prove actual or special damage; real and tangible probability of damage is sufficient. This damage should however be reasonably foreseeable. It is not enough just to show likelihood or actual deception or confusion.

3. The passing off law grants appropriate remedies to those whose products or business has been infringed upon whether there is a proof of actual damage or not, so long the ingredients of what constitutes an infringement is satisfied.

3.2 CONCLUSION

In a country where a considerable percentage of the population lives in rural areas, it is very easy to pass off goods. But with the Trademarks Act, 1999 providing protection against passing off, the situation has improved.

²⁰ In *Continental Pharmaceutical Ltd v. Sterling Products Nigeria PLC and SmithKline Beecham Plc*, it was held that passing off had occurred due to the infringement of the Plaintiff's registered trademark.

²¹ 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.

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