

NAME: OLUWARUNA AYOBAMIDELE

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ASSIGNMENT

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.

What is Passing off?

Passing off is the selling of one's product, or the carrying on of one's business or sells his goods under a name, trade mark, description, or imitation of another person's products in order to deceive the public to patronize it.¹

Passing off is described as an unfair competition by misrepresentation or literally speaking "the cause of confusion or deception". Generally, an action for Passing off arises where the deception is made in the course of trade, which could lead to confusion amongst customers. This applies to both e-commerce businesses and businesses with physical addresses. 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. Passing off is actionable in tort under the law of unfair competition. 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.

The essence of passing off is the selling of goods or the carrying on of a business in such a manner as to mislead the public into believing that the defendant's product or business is that of the plaintiff, and the "law on this matter is designed to protect traders against that form of unfair competition which consist in acquiring for oneself, already achieved by rival trader. "In the words of Lord Kingstown, goods for sale as the goods of a rival trader". Where passing off is proved, the plaintiff will be entitled to an injunction restraining the defendant from continuing the wrong, to damages for any loss he has incurred thereby, and to an account of the profits made by the defendant in consequence of the tort. Passing off takes various forms, the most common if which are the following:

MARKETING A PRODUCT AS THAT OF THE PLAINTIFF

It is actionable passing off for the defendant to sell merchandise with a direct statement that the goods are manufactured by the plaintiff, when in fact they are not. Thus, for example, it would be passing off for x, a manufacturer of tyres, to advertise and sell his tyres as "Dunlop" or "Michelin" tyres, since this would¹ be an obvious attempt to profit from the good will and reputation established by rival business.

¹ Blacks Law Dictionary

Similarly, it has been held actionable for a book publisher to advertise and sell a book of poems with the name of Lord Byron on the title-page, when in fact that famous poet had nothing to do with its authorship.

PASSING OFF AND TRADEMARK INFRINGEMENT

It is necessary to state that passing off and trademarks infringement go hand in hand and are very similar in nature. Whilst, Passing off is an action on unregistered marks that have become notoriously attributable to a person or company, a trademark infringement action usually involves a registered mark. This means that a mark, brand, design, name must be registered as a trade mark before one can make a claim on trade mark infringement.

Another distinction is, whilst an action for infringement of trade mark is a statutory remedy conferred on the owner of a registered trade mark, for the enforcement of a right to use the trade mark in relation to the goods/services for which the mark has been registered; an action for Passing off is an action against the deceit on the colorable imitation of a mark adopted by a person/company in relation to goods/services which has acquired a distinctive reputation in the market and is known as belonging to or produced by that person/company only.

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.

A trademark is any design, picture, mark, name or other arrangement affixed to goods which identifies those goods with the plaintiff manufacturer or seller. Trade marks receive protection not only under the law of passing off but also, if registered, under the Trade Marks Act 1965, under which most actions are brought.

TRADEMARK REGISTRATION

Trademark registration in Nigeria begins with an availability search of the mark and ends with the issuance of a certificate of trademark registration. This process takes as long as two years, however in between the availability search and the issuance of the certificate, each applicant is issued an acknowledgment form and thereafter an acceptance form. It is important to note that these forms do not indicate registration of the mark. Only the issuance of a certificate by the Registrar of Trademarks indicates trademarks registration which is only after the publication of the mark and the receipt of no objections from the public. As such, a person who has been issued acknowledgment and acceptance forms by the Trademarks Registry without more can at best bring an action for Passing off of the mark.

In the Supreme Court decided case of **Omnia (Nig.) v Dyktrade Ltd**², it was held by the trial judge and upheld by Belgore J.S C that a party is not entitled to sue for infringement of a trade mark which had not been registered and that the mere issuance of acceptance by the Registrar of Trade Marks of the applicant's application does not amount to registration until the issuance of the certificate of registration

The focus in answering the question is put on passing off as a form of economic tort in the 21st century Nigeria. Therefore it is important to explain the term 'Passing Off' and its purposes and relevance. Passing off is easily described as an unfair competition by misrepresentation or literally speaking "the cause of confusion or deception".

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 of business or business, causing financial or reputational damages. The law on this matter 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. It can also be said that Passing off is a wrong, a common law tort which protects the goodwill of a trade from misrepresentation. Misleading the public into believing falsely, that the brand being projected was the same as a well-known brand is wrong and is known as the tort of "passing off".

"...the fundamental rule is that one man has no right to put off his goods for sale as goods of a rival trader" – Per Lord Kingsdown in **Leather Co v American Leather Cloth Co. (1865) 11 H.L Case 523/538**³.

There are various types of Passing Off such as,

1. Marketing a product as that of the plaintiff: for example you market your insecticide as Mobil or Mortein, market your tyres as Dunlop or Michelin, etc
2. Trading under a name so closely resembling that of the plaintiff as to be likely to mislead the public into believing that the defendant's business and that of the plaintiff are one and the same.

This can be seen the case of **Niger Chemists Limited and Nigeria Chemists (1961) All N.L.R 171**⁴. the Plaintiff had an established chemist business using the name

² (2000) All N.L.R. 591

³ (1865) 11 H.L Case 523/538

⁴ (1961) All N.L.R 171

"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 instance 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.

“... It seems to me as a matter of common sense that when two firms trade in the same town, in the same street and in the same line of business, one calling itself ‘Niger Chemists’ and the other ‘Nigeria Chemists’, there must be a grave risk of confusion and deception” – Per Palmer, J.

3. Marketing goods under a trade name already appropriated for goods of that kind by the plaintiff, or under a name as similar to the plaintiff's trade name as to be mistaken for it. A trade name is one under which goods are sold and which by established usage has become known to the public as indicating that those goods are the goods of that person.
4. Marketing goods with the trade mark of the plaintiff or with any deceptive imitation of such mark. A trade mark is any design, picture, mark or other arrangement affixed to goods which identifies those goods with the plaintiff manufacturer or seller. Trademarks receive protection not only under the law of passing off but also, if registered, under the Trade Marks Act 1965, under which most actions are brought.
5. Imitating the get-up or appearance of the plaintiff's goods.

An example of passing off is seen in In the case of **Trebor Nigeria Limited v. Associated Industries Limited**⁵, 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 dissimilarities in the two products as a defense to the action, the Judge however found the Defendants liable for Passing off their products as that of the Plaintiff. In this instance 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.

The purpose of the tort of passing off is to protect the commercial goodwill and to ensure that people's business reputations are not exploited. Since 'goodwill' in business is an asset, and therefore, a species of property, the law protects it against encroachment.

In a passing off action, the plaintiff must prove that there is a similarity in the trade names or marks and that the defendant is passing off his goods as those of the plaintiff's.

Remedies could include injunction or damages or both. Damage or likelihood of damage form the core all passing off actions. The concepts of reverse passing off and extended passing off also hold significance.

Extended passing off consists of those cases where misrepresentation of a particular quality of a product or services causes harm to the plaintiff's goodwill. A famous case example would be **Diageo North America Inc v Intercontinental Brands (ICB) Ltd**⁶ where the defendant marketed a drink named "Vodkat", which was actually not vodka, but the marketing did not actually make it clear that it wasn't so. The plaintiffs were the biggest manufacturers of vodka and they filed a suit against the defendants for passing off and it was held so.

If a defendant markets the products made by the plaintiff as the products of the defendant, the tort committed is known as reverse passing off.

In Nigeria, the right of action of passing off relating to the infringement of registered trade is statutory and can be found only in Section 3 of Trade Marks Act 1965⁷.

In 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 my recommendation that the necessary framework for Passing off actions be strengthened to defend the goodwill and reputation of businesses. In a country where a considerable percentage of the population lives in rural areas such as Nigeria, it is very easy to pass off goods. Thousands of instances of passing off can be found out throughout Nigeria. Right from clothing materials to beverages to toothpaste to pencils to pens, you name it, you find it. Therefore passing off is very much relevant as a form of economic tort in 21st century Nigeria.

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