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ASSIGNMENT: Discuss the relevance of Passing Off as a form of Economic Tort in the 21st Century Nigeria

INTRODUCTION

Passing off is said to be a false representation of one's product as that of another person which deceive the general public into patronizing that product. Usually, the basis for this representation is the fact that the other’s trade has built up goodwill and reputation over the years which is associated with either his trade name or trademark and the defendant sees it as a basis to make profit for himself by misleading the public and causing confusion. When it is said that something is passed off as something, it means no more that something is falsely represented as something. Where a person uses another person’s name, trademark, description or uses any other form to take advantage of another person’s goodwill and reputation by making the general public believe that the product belongs to that other person, he is said to have committed the tort of passing off. This tort occurs where, for instance, X presents his business or services out to the world as that of Y, for which the latter has consequentially occasioned or is likely to occasion damage.

The representation must be such as to cause confusion in the public mind between the claimant's goods or business and the defendant's goods or business. It is essential that the defendant should have made a representation[[1]](#footnote-1) calculated to deceive, though in the modern law no form of fraud or even negligence is essential to establish liability.[[2]](#footnote-2) The right which is the subject matter of passing off is the Property in business or goodwill like to be misrepresented.

The tort of passing off is designed to protect traders/ businessmen against unfair competition acquired by false or misleading information and to prevent a rival trader from benefitting from the reputation already achieved by a trader/ businessman.[[3]](#footnote-3) In essence, “A man may not sell his own goods under the pretence that they are the goods of another man” [[4]](#footnote-4)The tort of passing off as Lord Kingsdown stated *in Leather Cloth Co. v. American Leather Cloth Co*.[[5]](#footnote-5), seeks to protect traders from unhealthy competition, for “the fundamental rule is that one man has no right to put off his goods for sale as the goods of a rival trader.”

ELEMENTS OF THE TORT OF PASSING OFF

To succeed in an action on tort of passing off, the plaintiff must prove certain elements.

The three fundamental elements of passing off are Goodwill, Misrepresentation and Damage to goodwill. These three elements are also known as the CLASSICAL TRINITY, as restated by the House of Lords in the case of *Reckitt & Colman Ltd V Borden Inc* . It was stated in this case that in a suit for passing off the plaintiff must establish

1. Goodwill: Goodwill is an attractive force that brings in customers. So basically it is an intangible asset. It’s closely associated with reputation and something that the business is known for. There must be a goodwill or reputation attached to the goods or services of the claimant. In the case of *IRC v. Muller Margarine*[[6]](#footnote-6) the House of Lords, in part, described ‘goodwill’ in relation to ‘passing-off’, as ‘the benefit and advantage of the good name, reputation and connection of a business. It is the custom.’ The plaintiff must have acquired some kind of goodwill from the product that he feels necessary to protect. The existence or otherwise of a course of action in passing off will then have to be decided by the court in each particular case. The establishment of goodwill is key to proving a claim of passing off but it cannot by itself suffice without the other two key elements of the classical trinity.

1. Misrepresentation: For passing off to exist there must be an element of misrepresentation. Misrepresentation is a false description made consciously or unconsciously through the use of a mark, trade name or get-up(brand name, trade description, individual feature of labeling or packaging) with which the goods of the claimant are associated with that of the defendant and which is likely to mislead the sensible members of the public. The plaintiff is to establish that the conduct of the defendant is leading or likely to lead the public to believe that the goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods and services is immaterial, as long as they are identified with the particular source which is in fact the plaintiff. Confusion will not be sufficient to prove misrepresentation. It is the court's duty to decide the similarity or identity of the goods or services. The criteria used in measuring this are usually; visual, aural and conceptual similarities.
2. Damage to goodwill: It is not enough to prove that there is an existence of goodwill or misrepresentation; it is necessary to show that damage had occurred as regards to that misrepresentation. The claimant must demonstrate that he has suffered or is really likely to suffer losses by the reason of the defendant’s misrepresentation as to the source of defendant’s goods or services, which seems to suggest that they emanate from the claimant. The plaintiff does not need to prove actual or special damage; real or tangible probability of such damage will suffice. However the damage must be reasonably foreseeable.

FORMS OF PASSING OFF

1. Trading under a name which is closely related to that of the plaintiff/ claimant such as name being likely to mislead the public. In *Niger Chemists Ltd v Nigerian Chemists* (1961) 1 All NLR 171 where Palmer J. granted injunction restraining the defendants from using the name "Nigerian Chemists" as it was calculated to deceive those who had the intention to deal with Niger Chemists.
2. Trading under a name already given for goods of that kind by the plaintiff or trading under a name so similar to that of the plaintiff's so as to be mistaken for it. Where a trade name is already in use by the plaintiff for his goods and services, it will be actionable passing off for a defendant to trade under the name of the plantiff.[[7]](#footnote-7)
3. A direct statement by the defendant that the goods and services are that of the plaintiff. Actionable passing off occurs where the defendant markets his products as that of the plaintiff. *Lord Byron v Johnson[[8]](#footnote-8)*
4. Where the defendant trades under the trademark of the plaintiff or any deceptive imitation of the plaintiff's mark. [[9]](#footnote-9)
5. Imitating the Get Up or Appearance of the Plaintiff's Goods

REMEDIES IN PASSING OFF

There are two main remedies available for a successful action in the tort of passing off. The plaintiff can apply for an 'Injunction' to stop the defendant from using his trademark or goodwill and sue for compensation where he has suffered damage to his reputation or has lost potential revenue. The plaintiff can also approach the court to grant him/her the delivery of the goods of the defendant which breach the trademark to be destroyed.

DEFENCES AVAILABLE TO A DEFENDANT

The following are available defenses for a defendant faced with a claim of Passing off;

1. Dissimilarities in the mark between the defendant and that of the plaintiff.
2. Consent of the plaintiff
3. The defendant can also plead innocent usage of the plaintiff's name.
4. The plaintiff's name or mark has become common.
5. The mark of the plaintiff is not distinctive.

THE RELEVANCE OF PASSING OFF AS A FORM OF ECONOMIC TORT IN THE 21ST CENTURY NIGERIA

Passing off is an economic tort; it provides protection against economic loss.[[10]](#footnote-10) It is something that needs to be taken seriously in this country Nigeria because a lot of people have fallen victims to lack of knowledge on how to protect their goods or ensure that they get the right remedy when such infringement occurs. Passing off law does not only highlight what constitutes an infringement in that aspect, rather it 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 as the ingredients of what constitutes an infringement is satisfied.

Passing off applies to both tangible and intellectual property. An action for passing off enables traders to prevent their rivals from deceiving consumers that there is a connection between their products. This protection is based on the plaintiff's property which is the goodwill connected with the mark, name or get-up rather than the mark, name or get-up itself.[[11]](#footnote-11) Goodwill has been defined as "the benefit and advantage of the good name, reputation and connection of a business...the attractive force which brings in custom."[[12]](#footnote-12)Passing off allows plaintiffs to prevent any misappropriation of their goodwill that results in deception of consumers.

The tort of passing off is common in competitive business community or economy. People resort to every strategy to market their products and services, to survive and to expand their business. Passing off remains important as a way to protect trademarks which have not been registered, or signs which cannot for one reason or another be registered at all. It is also important for trade mark owners whose registrations may be vulnerable to invalidity or revocation claims.

Passing off also plays an important role giving supplementary protection to registered trademarks. In *United Banks (UK) Ltd v Asda Stores Ltd[[13]](#footnote-13)*the defendant's 'Puffin' chocolate biscuits did not infringe the claimant's PENGUIN registered trade mark: there was no likelihood of confusion because the public was able to distinguish seabirds. However, the court found the case for passing out was made out, on the basis that many customers would assume that the biscuits had been made for the supermarket by the claimant.

CONCLUSION

In Nigeria, the major purpose underlying the tort of passing off is the protection of an established trade goodwill already acquired by a trademark or trade name. Passing off could result to a number of negative situations for both the consumer and the market leading the consumers, loss of profits and revenue to the market which results to damage to the reputation of the business. The tort of passing off is used most of the time to enforce the rights of unregistered trade mark holders.

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1. *HFC Bank plc v. Midland Bank plc (200) F.S.R. 176* [↑](#footnote-ref-1)
2. *United Biscuits (U.K.) Ltd v. Asda Stores Ltd (1997) R.P.C. 513* [↑](#footnote-ref-2)
3. G. Kodilinye and O. Aluko, *Nigerian Law of Torts* (16th edn, Sweet &Maxwell London, 1999) 221. [↑](#footnote-ref-3)
4. N. R. Dongre v. Whirlpool Corporation Civil Appeal 10703 of 1996 [1996] (Supreme Court of India 30 August 1996). [↑](#footnote-ref-4)
5. (1865) 11 H.L Cas. 523 at 538 [↑](#footnote-ref-5)
6. (1901) AC 217, 223 et seq [↑](#footnote-ref-6)
7. G. Kodilinye and O. Aluko, *Nigerian Law of Torts* (Spectrum Books Limited 1999) [↑](#footnote-ref-7)
8. (1816) 2 Mer. 29 [↑](#footnote-ref-8)
9. R. F. V. Heuston, *Salmond on the Law of Torts (16th*edn, Sweet & Maxwell London, 1973) [↑](#footnote-ref-9)
10. Francis Trindade & Peter Cane *The Law of Torts in Australia* (3 ed, Oxford University Press, Melbourne, 1999) 190. [↑](#footnote-ref-10)
11. *Reddaway v Banham* [[1896] AC 199](http://www.nzlii.org/cgi-bin/LawCite?cit=%5b1896%5d%20AC%20199" \o "View LawCiteRecord), 209; Heuston & Buckley, above n 19, 382. [↑](#footnote-ref-11)
12. *IRC v Muller & Co's Margarine Ltd* [[1901] AC 217](http://www.nzlii.org/cgi-bin/LawCite?cit=%5b1901%5d%20AC%20217" \o "View LawCiteRecord), 223-224 per Lord Macnaghten, quoted in: W V H Rogers *Winfield and Jolowicz on Tort* (15 ed, Sweet & Maxwell, London, 1998) 670. [↑](#footnote-ref-12)
13. (1997) RPC 273 (HL). [↑](#footnote-ref-13)