

NWANGWA NNENNA JANE

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LAW OF TORTS II

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MEANING OF PASSING OFF

Passing off is a branch under the law of tort that focuses on a representation of a person's business or product by another in such a way that it deceives the society as to the relationship between the products. It can also be defined as "A misrepresentation made by a trader in the course of trade to prospective customers of his or ultimate consumers of goods or services supplied by him, which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and which causes actual damage to a business or goodwill of the trader by whom the action is brought or will probably do so."¹

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. The principle underlying the tort of passing off is that "A man is not to sell his own goods under the pretense that they are the goods of another man"²

In each case of passing off, the key issue is the danger of misrepresentation as to the origin of goods or services. If someone leads consumers to believe that their goods or services are connected with another business when they are not, they may give the other business grounds to sue for passing off. Passing-off' is a cause of action that is primarily founded in tort and is historically rooted in common law.³

In this country the right of action of passing off relating to the infringement of registered trade marks is statutory and can be found only in section 9 of the Trade Marks Act 1965.

Passing off action in Nigeria is thus a common law action preserved by section 3 of the Trade Marks Act.

DIFFERENCE BETWEEN PASSING OFF AND TRADE MARK INFRINGEMENT

¹ House of Lords (England) decision 1979 AC 731, as cited in *Erven Warnink Besloten Vennootschap v. J Townend & Sons, NHL v. Pepsi* 42 CPR 3d (1992) 390 (BCSC).

² *Perry v. Truefitt* (1842) 49 ER 749

³ See David Kitchen et al (eds) *Kerly's law of Trade Marks and Tradr Names* (14th ed) 200.

Passing off is similar to trade mark infringement, but applies to protect unregistered rights associated with a particular business, its goods or services. Passing off actions can be brought in a wide range of situations, including to protect business names and features of “get-up” or “trade dress”.

Passing off and trade mark infringement can be poles apart. The key difference is that trade mark infringement deals with registered rights, and passing off with unregistered rights.

ELEMENTS OF PASSING OFF

For a plaintiff to win a suit in passing off, he must prove the following;

Goodwill: The claimant must show the court that there is business value (Goodwill i.e. the attractive force that brings customers) which is attached to the goods and services he produces in a suit for passing off.

Misrepresentation: The claimant/ plaintiff needs to demonstrate and explain to the court that the goods and services the defendant is offering the public deceitfully (whether intentionally or not) are actually the goods and services of the claimant.

Damage: The claimant/ plaintiff needs to show to the court that a loss has been suffered due to the belief that the goods and services of the defendant are those of the plaintiff/ claimant.

FORMS OF PASSING OFF IN NIGERIA

The most common forms of passing off in Nigeria includes

- **Using a name that closely resembles the name of an existing product:** In the case of *Niger Chemists Ltd. v. Nigeria Chemists*⁴, the plaintiff well known as Niger Chemists had carried on business as chemists and had several branches in Onitsha and other towns in Eastern Nigeria. The second defendant and his partners founded a firm carrying on exactly the same business in Onitsha under the name of Nigeria Chemist and their only premises was on the same street as one of the plaintiffs business. Both companies were registered with CAC⁵ in Nigeria. The plaintiff sued and the court granted an injunction against the defendant on the grounds that their use of the name “Nigeria Chemists” was intended to deceive

⁴ *Niger Chemists Ltd. v. Nigeria Chemists and D.K Brown* (1961) 4 NIPJD [SC. 1961]

⁵ Corporate Affairs Commission, Nigeria.

members of the public into believing that there was a relationship between the two companies.

- **Imitating the appearance of the plaintiffs products:** In the case of *Trebor Nigeria Ltd. v. Associated Industries Ltd*⁶ Where the plaintiffs claimed that the defendants were guilty of passing off their products as that of the plaintiffs. The court per J. R. Jones (Senior Puisine Judge) held that the defendants had in every aspect from carton to tablet to manufacturing marketed a product as similar as possible to that of the plaintiffs. Also, in *De Facto Works Ltd. V. Odumotun Trading Co. Ltd*⁷, where the defendants were held liable in passing off because the should bread wrapped in yellow and brown paper with the name 'Odus' written in large scroll letters l'm chocolate color and this closely resembled the get up of the plaintiff's bread which for some time previously, had been wrapped in yellow and brown paper with the name 'De Facto' boldly written on it.
- **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 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 plaintiff.⁸ A trade name is a name under which goods and services are sold by a certain individual and which by established usage has become known to the public to the effect that the goods and services are that of the individual.⁹ Names which indicate merely the nature of goods sold and not that they are merchandise of any person eg stout, diapers, water are not protected until the plaintiff can prove the descriptive name in question has a secondary meaning exclusively associated to the plaintiffs own product and it's use by the defendant is calculated to deceive the purchasers.¹⁰

⁶ 14 NIPJD [HC. 1972] 127/71

⁷ (1959) L.L.R. 33

⁸ G. Kodilinye and O. Aluko, *Nigerian Law of Torts* (Spectrum books Limited

⁹ R. F. V Heuston, *Salmond on the Law of Torts* (16th edn, Sweet and Maxwell London, 1973

¹⁰ *Cellular Clothing Co. v. Maxton* (1899) A.C. 326

The House of Lords in the case of *IRC v. Muller*¹¹ Margarine described goodwill in relation to the tort of passing off as 'the benefits and advantage of the good name, the reputation and connection of a business. It is the attractive force which brings in custom.'

- **DEFENDANTS CONDUCT MUST BE 'CALCULATED TO DECEIVE'**

A defendant may be liable for passing off although his conduct was entirely honest and innocent in the sense that he had no intention to deceive¹². Liability is strict and all the plaintiff needs to show is that the defendants activities are 'calculated'; likely to deceive the public. An example is also the *Niger Chemists Ltd. v. Nigeria Chemists Ltd.*

Other examples are;

- 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. *Byron (Lord) v. Johnston*¹³
- Where the defendant trades under the trademark of the plaintiff or any deceptive imitation of the plaintiff's mark. A trademark refers to a mark used by a trader in order to indicate a connection between the marked goods and the trader and also to show that the marked goods are the trader's merchandise.

REMEDIES TO PASSING OFF

The following reliefs/ remedies can be claimed in a Passing up action as follows:

1. **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.
2. **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.

¹¹ Inland Revenue Commissioners v. Muller and Co's Margarine Ltd. [1901] SVC 25.

¹² *Baume & Co. Ltd v. Moore Ltd* (1958) Ch. 907; *Niger Chemists Ltd. V. Nigeria chemists Ltd.* (1961) All N.L.R. 171 at p. 173

¹³ (1816) 35 ER 851

3. **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.
4. **Account of profit:** Here the Plaintiff is entitled to profit on goods wrongly sold by the infringer.

OBJECTIVE OF THE TORT OF PASSING OFF

“Law on this matter is designed to protect traders against that form of unfair competition which consists in acquiring for one self, by means of false or misleading devices, the benefit of reputation already achieved by rival traders”.¹⁴ In the words of Lord Kingsdown, “ the fundamental rule is that one man has no right to put off his goods for sale as the goods of a rival trader”¹⁵

The tort of passing off was initially intended as a way of preventing a defendant from passing off his own goods as the plaintiff's goods. It was later extended to cover misrepresentations on the quality of the plaintiff's goods and cases 'where although the plaintiff and defendant were not competing traders in the same line of business, a false suggestion by the defendant that their businesses were connected with one another would damage the reputation, and thus the goodwill of the plaintiff's business'. Furthermore, the tort also covers cases involving the misdescription of goods, or the misuse of a descriptive term.

Passing off claims enforce fair trade practices against an exacting standard: honesty.

It protects against unfair competition in its own unique way.

- Dishonesty does not need to be intentional. Whether or not the competitor intends to do the wrong thing or not doesn't come into it. The dishonesty for passing off is an entirely different type to that required for business fraud cases
- Deception of the buying public – and those that can influence purchasing decisions - can't even be unintentionally unfair
- Buyers of goods and services who are deceived don't even need to know of the business that is protected

¹⁴ *Salmond op. Cit. para 149*

¹⁵ *Leather Cloth Co. v. American Leather Cloth Co.* (1865) 11 H.L. Cas. 523 at p.538

- A competitor's entire distribution chain can be brought to a halt in an appropriate case

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