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Economic torts are defined to mean tort claims that do not allege physical contact with the victim or his property or harm to such nonfinancial, or at least noncommercial, goods as business reputation and personal privacy.¹ In other words, economic tort deals with the protection of economic interest, not personal interest and which inflict economic or financial injury. Thus, the law seeks to protect business interests from unacceptable acts of interference of rivalry businesses. One of the forms of economic tort is passing off. This is because, the subject matter of the tort of passing off is the protection of the plaintiff's financial interest in his property.

According to Duhaime's Law Dictionary, passing off is defined as 'making some false representation likely to induce a person to believe that the goods or services are those of another, in a way likely to cause damage'. The House of Lords (England) decision in *Erven Warnink Besloten Vennootschap v J. Townend & Sons*² stated that passing off is

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.

Passing off is a civil wrong, a common law tort which protects the goodwill of a trader from misrepresentation. Misleading the public into believing falsely, that the brand being projected was the same as a well-known brand is a wrong and is known as the tort of "passing off".³

Passing off is often relied upon when a product is unregistered as a trade mark. For example, a slogan or a name may not be registered as a trade mark, but it has sufficient goodwill attached to it to be protected by passing off laws.⁴

¹ S Olarinde and C Chigbo and N Ikpeze, *The Modern Law of Torts: A kaleidoscopic Perspective* (1st edn, Afe Babalola University Press, 2018)

² (1979) AC 731

³ All Answers Ltd, 'Tort of Passing-Off Project Assignment for Law of Torts.' (Lawteacher.net, May 2020) <<https://www.lawteacher.net/free-law-essays/business-law/tort-of-passing-off-project-assignment-law-essays.php?vref=1>> accessed 7 May 2020

⁴ Nicola Laver, 'Passing Off.' <<https://www.inbrief.co.uk/intellectual-property/passing-off/>> accessed 7 May 2020

Liability in the tort of passing off ultimately boils down to misrepresentation. This misrepresentation can damage the goodwill of a business or person and can cause damage both financially (revenue is lost on unsold products and services as another business has instead benefitted from such sales) and in terms of reputation (if the products or services actually sold were of inferior standard the reputation of the business whose goods or services are being passed off can be damaged). There is also a link between passing off and malicious falsehood and some have argued that passing off is part of malicious falsehood. Likewise, there is a link between passing off and the tort of deceit as the person passes off his goods as belonging to another deceives the public. But it should be noted that the plaintiff in the passing off action is not the member of the public who has been deceived but the person whose goods have been passed off and he has been deceived.

Despite this confusion as to the tort of passing off, it is included in a textbook on tort because it has been consistently recognized as part of the law of tort and because it differs from other types of intellectual property on the grounds that the basis of the law lays in the common law and not in the statute law.

ELEMENTS AND CHARACTERISTICS OF PASSING OFF

There is no specific legislation governing passing off, and as such the law of passing off has been established through case law. Lord Diplock, in the case of *Erven Warnink Besloten Vennootschap v J. Townend & Sons*⁵, identified five elements of the tort when he said that it is:

... Possible to identify characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation, (2) made by a trader in the course of trade, (3) to prospective customers of his ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do

so.

⁵ supra

Generally, there are three key requirements that must be satisfied by a claimant to prove passing off and make a claim for compensation:

1. GOODWILL

The plaintiff has the burden of proving that it has established a reputation or goodwill in its goods, name, mark, or other identifying feature by using it in business so that the public associates this use with the claimant's name personally or their specific products or services.

Marks can have many different forms, for example: Style or shape of packaging (for example, the Toblerone triangular prism) or colour (for example, the purple packaging of Cadbury chocolate)

It is important to note that the mark must distinguish them as well as their goods or services from others. This is seen in the case of *Niger Chemist Ltd v Nigeria Chemists and D.K Brown*.⁶ In this case, the plaintiff (well known as 'Niger Chemists') had carried their business as chemists and had several branches. The second defendant and his partners founded a firm carrying on the same business in Onitsha under the name of 'Nigeria Chemists' and their only premises was on the same street as one of the plaintiff's business. 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 the members of the public.

2. MISREPRESENTATION

The second element is for the claimant to show that there has been a misrepresentation by the defendant which has led or is likely to lead to the confusion, deceit and misleading of the public into believing that their goods and services actually belong to the claimant such that a distinction between the claimant and defendant could not be made.

In the case of *Trebor Nigerian Ltd v Associated Industries Ltd*⁷, an action was held to lie in passing off where the defendant packaged and marketed its product to resemble those of the plaintiff. The court further observed that the defendant attempted to manufacture and market a

⁶ (1961) All NLR 180

⁷ (1972) NMLR 50 134

product as similar as possible to that of the plaintiff. The court held that the fundamental rule is that one man has no right to put off his goods for sale as the goods of a rival trader.

3. DAMAGE

The final element is damage, or the likelihood of damage. Goddard LJ noted in *Draper v Trist and Tristbestos Brake Linings Ltd*⁸ that law assumes 'if the goodwill of a man's business has been interfered with by passing-off of goods, damage results there from'. In this case the claimant was able to succeed on the basis that there was a real possibility of damage.

This damage must arise from the reliance of the defendant's misrepresentation and can arise (i) where the claimant has lost sales as a result of the defendant's misrepresentation and

- (i) as a result of dilution to the claimant's goodwill, such as, for example, due to the inferior nature of the defendant's goods or their reputation

FORMS OF PASSING OFF

1. A direct statement that the goods belonging to the plaintiff in fact belong to the defendant

In *Lord Byron v Johnson*⁹, the defendant, who was a publisher, advertised some poem which he had published as being written by Lord Byron when, in fact, they were written by someone else. It was held that the defendant had committed the tort of passing off.

2. Imitating the appearance of the plaintiff's goods

In *White Hudson and Co Ltd v Asian Organization Ltd*,¹⁰ the plaintiff manufactured 'Hacks' cough sweet in Singapore, which they sold in red cellophane wrappers and which came to be known as 'red paper cough sweets'. The plaintiffs were, at that time, the only persons who sold cough sweets in such form in Singapore. The defendants then started to import into Singapore cough sweets called 'Peckos' which were also sold in red wrappers. The plaintiffs proved that the most of the customers in Singapore could not read English and simply asked for red wrapper cough sweet. It was held that the court would protect the plaintiff's interest in the appearance of their product

⁸ (1939) 56 RPC 429

⁹ (1816) 2 Mer 29

¹⁰ (1964) 1 WLR 1466

and that the plaintiff would be granted an injunction to restrain the defendants from passing off their sweets as if they were the goods of the plaintiff.

3. Using a name similar to the plaintiff's goods

In *Beecham Group Ltd and others v Essdee Food Products Ltd*¹¹, the plaintiffs filed an injunction restraining the defendants from infringing on their trademark because the names sounded similar. While the defendants used 'Glucos-Aid' the plaintiffs used 'Lucozade'. The court upheld the plaintiff's claim for that reason.

Other forms of Passing off include (i) Using the plaintiff's name (ii) Using the defendant's name (iii) false attribution of authorship (iv) false endorsement (v) made by a trader in the course of a trade.

DEFENCES OF PASSING OFF: Defending a claim for passing off can be difficult as intention is irrelevant – it is strict liability. However, it is equally difficult to prove passing off. Some of the defences include: Use of defendant's own name, Use other than in the course of trade, Claimant cannot show sufficient goodwill, Claimant's mark is not distinctive, Claimant's mark is generic, Claimant's delay in taking action, No proof of misrepresentation, Misrepresentation has not caused damage to the claimant (usually difficult to show once a misrepresentation has been established) and Consent given.

REMDIES: in many cases, the plaintiff will seek an injunction to restrain the defendant from continuing to pass off his goods. But, the plaintiff may also seek a remedy in damages for the loss which he has suffered¹².

In a country where a considerable percentage of the population live in rural areas, it is very easy to pass off goods. Thousands of instances of passing off can be found out throughout Nigeria. The purpose of an action for passing off is to prevent one from damaging or exploiting the goodwill and reputation built up by another. Furthermore, small and medium businesses should be enlightened and educated to explore the possibility of seeking legal actions on passing off and take advantage of the remedies available to protect the goodwill, trade name and profits.¹³

¹¹ (1985) 3 NWLR (part 11) 112

¹² S Olarinde and C Chigbo and N Ikpeze, *The Modern Law of Torts: A kaleidoscopic Perspective* (1st edn, Afe Babalola University Press, 2018)

¹³ T&A Legal, 'Nigeria: An Appraisal of Passing Off Actions under Nigerian Law' (2018)

<<https://mondag.com/Nigeria/Intellectual-Property/704160/An-Appraisal-Of-Passing-Off-Actions-Under-Nigerian-Law>> accessed 7 May 2020