

NAME: Oduba Morenike Onaopemipo

MATRIC NO: 17/LAW01/202

COURSE: LAW OF TORT

COURSE CODE: LPB302

COLLEGE: LAW

LECTURER: MRS APARA

Question?

Discuss the relevance of passing off as a form of economic tort in the 21st Century.

Economic Tort are torts that provide the common law rules on liability which arises out of business transactions such as interference with economic or business relationships and are likely to result in pure economic loss.

Passing off is described as the selling or carrying on of business under a name, description or mark in such a way as to mislead the public or consumers into believing that the goods or business is that of another person.¹ Passing off is the act or an instance of falsely representing one's own product as that of another in attempt to deceive potential buyers². Passing off is also actionable in tort under the law of unfair competition.

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 public as to the relationship between the products. It is said to be a false representation of one's product as that of another person which deceives the general public into patronizing the product, 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 person. According to **Trademark Law** "a man is not to sell his own goods under the pretence that they are the goods of another man"³. The Tort of Passing off is designed to protect traders/business men against unfair competition acquired by false or misleading information and to prevent a rival trader from benefiting from reputation already achieved by a trader/businessman⁴.

The Economic Tort of passing off is committed when, in a competitive business environment, a person adversely affects the plaintiff's business interest by marketing his goods as that of the plaintiff's⁵. The tort of passing off recognizes and protects the proprietary right in business goodwill, and prevents a trade competitor from adopting the goodwill of the plaintiff business in a manner that is calculated to deceive the members of the public⁶. The study of passing off and its application in Nigeria is necessary because there is a high rate of infringement regarding trademark and products in Nigeria.

¹ RFV Heuston, *Salmond on the law of Torts* (16th edn, Sweet & Maxwell London, 1973) 408.

² Black's Law Dictionary Ninth Edition

³ *NR Dongre V Whirlpool Corporation Civil Appeal* [1996] (Supreme Court of India 1996)

⁴ G Kodilinye and O Aluko, *Nigerian Law of Torts* (Spectrum Books Limited 1999)

⁵ B.A. Susu, *Law of Torts* 281 (1996)

⁶ Andrews Terry, 'Unfair competition and the misappropriation of a competitor's trade values' 51 M L Rev 297

Elements of Passing Off

The elements of passing off are the requirements that a person must prove in order to succeed in a claim of passing off. There are three elements of passing off known as the ‘**classic Trinity**’. These three elements were stated in the HOLs case of **Reckitt & Colman products Ltd V. Borden Inc**⁷ reduced by Lord Oliver from Lord Diplock’s 5 elements as laid down in the case of **Erven Warnink V. Townend & Sons Ltd**, also known as the **advocate case**. They are: Goodwill owned by the trader, Misrepresentation and Damage to goodwill.

1. Goodwill owned by the trader - The plaintiff must have acquired some kind of goodwill from the product that he feels necessary to protect. It is the part of the business value over and above the value of assets. So it is an intangible asset. In the **case of ICR V Muller Margarine** goodwill and reputation with respects to passing off was defined as ‘the benefit and advantages of a good name, reputation, and connection of a business. It is the attractive force which brings in customers,’
2. Misrepresentation - The plaintiff has the burden to prove that there had been a misrepresentation, whether intentional or otherwise, capable of misleading the public. There must be a likelihood, actual deception or confusion by the public. It is the courts duty to decide the similarity or identity of the goods or services.
3. Damage to Goodwill - The plaintiff need to prove 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. The plaintiff does not need to prove actual or special damage; real or tangible probability will suffice. However the damage must be reasonably foreseeable.

Forms of Passing Off

Everyone has a right to enjoy the benefits of what they create be it monetary benefit or even goodwill and reputation that comes with it. In a country such as Nigeria, where people have little or no regards for the rights of other people, infringement on the trademark of many people has become of great concern to the public. It is common to see goods in the shops bearing almost the same name or trademark. The most common forms of passing off in Nigeria include :

⁷ HL 1990

- 1) Trading under a name which is closely related to that of the claimant such name being likely to mislead the public. The well established case on this is **Hendriks V Montagu**⁸ where the Universal life assurance society were granted an injunction by the court in order to restrain the company of the defendant which was incorporated later on from carrying on business under the name “ Universe Life Insurance”. In the case of **Niger Chemist Ltd V. Nigeria Chemist** where an injunction was granted restraining the defendants from using the name “Nigeria Chemist” as it was calculated to deceive those who had the intention to deal with “Niger Chemist”. Thus where a name is made to deceive a consumer or the public due to its similarity with that of plaintiff is actionable as a tort of passing off .
- 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 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 ⁹. A trade name is a name under which the goods 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 individual¹⁰.
- 3) It is actionable as a tort of passing off for a trader to sell his goods with direct representation and assertion that the goods are manufactured by his trade competitor¹¹ . The object of this form of passing off is to “protect traders against that form of unfair competition which consists in acquiring for oneself, by means of false or misleading devices, the benefits of the reputation already achieved by rival traders¹². Thus in the words of Lord Kingsdow ‘The fundamental rule is that one man has no right to put off his goods for sale as the goods of a rival trader’¹³ . It was held in the case of **Byron V. Johnston**¹⁴ that it was actionable as a tort of passing off 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 the famous poet had nothing to do with the authorship.

⁸ [1881] 17 Ch.D 638

⁹ G Kodinlyne and O Aluko, *Nigerian Law Of Torts* (spectrum Books Limited 1999)

¹⁰ RFV Heuston, *Supra* note 1

¹¹ RFV Heuston and RS Chambers, *Salmond and Heuston on the law of tort* 384(18th ed)

¹² See also the view of Lord Parker in *Spadling and Brothers V A.W. Garage Ltd* (1915) LJ 84 Ch 449-450

¹³ *Leather Cloth Co. V American Leather Cloth Co.* (1865) HCC 11 523

¹⁴ [1816] 2 Mer.29

- 4) Imitating the get up or Appearance of the plaintiff's goods - Where there are characteristics in the get up or appearance of the plaintiff goods which identifies the goods as those of the plaintiff, any adoption or imitation of the appearance of these goods by another in a manner to likely to deceive will give rise to the tort of passing off. In the case of **Trebor Nigeria Ltd V. Associated Industries Ltd** (1972) NNLR 60 Suit No K/127/71 may 29 1972¹⁵ .The court Per J.R. Jones held that defendant had in every aspect from the carton to tablet to manufacturing marketed a product as similar as possible to the that of the plaintiff.
- 5) Where the defendants trade under the trademark of the plaintiff or any deceptive imitation of the plaintiffs mark¹⁶.

Remedies in a passing off action

The following remedies can be claimed in a passing off action as follows:

1. Injunction: A plaintiff can ask the court to restrain or prohibit the use of a mark subject matter of the passing off suit in court. This is 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: A successful plaintiff in a suit for passing off is entitled to damages .The court can award general damages, special damages, or punitive damages. This is because it is presumed that the the plaintiff must have suffered losses especially in the course of business¹⁷.
3. Delivery up for destruction of infringing goods: This is usually claimed where physical goods are involved. Plaintiff can approach the court to grant him the delivery of the goods of the defendant which breach the trademark to be destroyed.

Defenses Available to a defendant in a passing off action

- 1) Consent off the plaintiff was sought before using the name or mark or slogan.
- 2) Indistinct name, mark ,sign and slogan of the plaintiff

¹⁵ Nigerian Law Intellectual Property Watch Inc. <<https://nlipw.com/a-peek-into-passing-off-cases-in-nigeria> > accessed on 20 September 2019

¹⁶ RFV Heuston, *Salmond on the law of Torts* (16th edn, sweet & maxwell london,1973)

¹⁷ T & A Legal, 'Nigeria: An appraisal of passing off actions under Nigerian law '(Mondaq 5 June 2018) <www.modaq.com/Nigeria/trademark/An-appraisal-of-passing-off-actions-under-Nigerian-Law >accessed 20 September 2019

- 3) Innocent usage of the plaintiff's name
- 4) Dissimilarities in the mark of the plaintiff and defendant
- 5) The plaintiff's name or mark has become common or generic

The Tort of Passing off arises when a mark, sign or product is unregistered under the trademark act of 1961. The plaintiff has to prove that the mark or sign has sufficient goodwill, an established usage and the identical mark will deceive the innocent man and as such seeks to be protected by the law of passing off. It is therefore appropriate to say that passing off is a common law concept which prevents the unlawful usage of a man's mark, sign or goods and services. Passing off protects the property rights of individuals; 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. The law of passing off is of great importance to Trademark and Copyright protection in Nigeria,

BIBLIOGRAPHY

- Fleming J.G.- “The Law Of Torts” 5th Edition
- G Kodilinye and O Aluko, *Nigerian Law of Torts*(Spectrum Books Limited 1999)
- Heuston RFV - “Salmond on the law of torts” (1973, 16th Edition)
- Heuston RFV & Chamber RS - “Salmond & Heuston on the law of Torts” 18th Edition.
- *Leather Cloth Co. V American Leather Cloth Co. (1865) HCC 11 523*
- McCarthy- “Trademarks and Unfair Competition” (4th Edition Vol.1)
- *NR Dongre V Whirpool Corporation Civil Appeal [1996]* (Supreme Court of India 1996)
- Salmond- “ Law of Torts” 17th Edition.
- Salmond & Heuston- “Law of Torts” 20th Edition
- Susu B.A.- “Law of Torts” (1996)
- *Spadling and Brothers V A.W. Garage Ltd (1915) LJ 84 Ch 449-450*
- T & A Legal, ‘Nigeria: An appraisal of passing off actions under Nigerian law’ (Mondaq 5 June 2018)<[www.modaq.com/Nigeria/trademark/An appraisal of passing off actions under Nigerian Law](http://www.modaq.com/Nigeria/trademark/An%20appraisal%20of%20passing%20off%20actions%20under%20Nigerian%20Law)>at 20 September 2019
- Terry A, ‘Unfair competition and the misappropriation of a competitor’s trade values’