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QUESTION: Discuss the relevance of Passing off as a form of economic torts in the 21st century
Nigeria

What is Passing off?

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.¹ Passing off is actionable in tort under the law of unfair competition. 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 ecommerce businesses and businesses with physical addresses. There are various forms of Passing off:

Trading with the name resembling that of the plaintiff: this is where the defendant is engaged in the same type of business as the plaintiff and uses the name so closely resembling that of the plaintiff in order to mislead the public into believing that the defendant's product/business and that of the plaintiff are one and the same; this is covered by S. 13 Trade Marks Act² provides and S. 3 (1) Merchandise Marks Act³ In *Niger Chemist Ltd v. Nigeria Chemist*⁴; it was held that; "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"⁵

Marketing a product as that of the plaintiff: It is actionable passing off for the defendant to sell his goods with a direct statement that the goods are manufactured by the plaintiff, whereas they are not. In *Byron v. Johnston*⁶– it was 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. Any person who falsely applies to goods any trade mark or any marks so nearly resembling a trade mark as to be calculated to deceive is guilty of an offence and has violated copyright. S.3. (1b)⁷.

Marketing goods with a name resembling that of the plaintiff's goods: As a general rule, a person can freely use his own name or one which he has acquired by reputation although he use of it

¹ Black's Law Dictionary Ninth Edition

² supra

³ supra

⁴ (1961) ALL NLR 180 at 182

⁵ See also *Ogunlende v. Babayemi* (1971) 1 UILR 417.

⁶ (1816) 35 ER 851

⁷ Merchandise Marks Act

inflicts damage to someone else who has the same name⁸ In *Hines v. Winnick*⁹, the plaintiff musician and band leader who used to broadcast his radio programme under the name 'Dr. Crock and his crack pots' obtained an injunction to restrain the defendant from featuring another band on the programme using the same name. VAISEY J granting the injunction was of the view that a musician gets known by a particular name and this becomes inevitably part of his stock-in-trade. The question at hand is whether the name or description given by the defendant to his goods is such as to create a likelihood of a substantial section of the public to be misled.

Imitation of the good: It is actionable in passing off for a defendant to market his goods using the plaintiff's trademark or its imitation leading to a confusion of the buyers, who then patronize his product thinking that they are the product of the plaintiff. Trademarks are usually registered and also protected under the Merchandise Marks Act 2004. Also in *Perry v. Truefitt*¹⁰ – the plaintiff obtained an injunction to restrain the defendants from selling a certain hair cream under the name of 'Medicated Mexican Balm' or other similar designations. *Reckitt & Colman Ltd v. Borden*.¹¹ S. 5¹² prohibit this type of act. **Express passing off and Imitation of the plaintiff's advertisement methods:** The classic form A representing his goods to be those of B, but the basis of the liability is wider as injury to the claimant's goodwill by misrepresentation of the customers It is passing off for the defendant to do anything, which makes his product appear like the plaintiff's product. This passing off includes any copying of the likeness or appearance of the plaintiff's product, in a manner to confuse the public e.g. general appearance, package, label, or design of the product.¹³ Also an advertisement by the defendant which copies, or imitates the plaintiff's advertisement of his products, may amount to passing off, where such advertisement so resembles that of the plaintiff, as to be capable of misleading the buyers to patronize the defendant's goods as those of the plaintiff.¹⁴ Selling inferior or expired goods of the plaintiff as original or current stock: It is a passing

⁸ *Brinsmead v Brinsmead* (1913) 30 R.P.C. 413; *Jays Ltd v Jacobi* (1933) Ch 411; but as to nicknames, refer to *Biba Group v Biba Boutique* (1980) R. P. C. 413; *NAD Electronics Inc v NAD Computer Systems Ltd* (1999) F.S.R. 380. "A new company with the title of which the name 'A,' for instance, forms part of the natural right of any person born with 'A' would have.

⁹ (1947) Ch 707 at pg 13

¹⁰ (1842) 49 ET 749

¹¹ (1990) 1 WLR 491 HL. 3.6

¹² Merchandise Marks Act

¹³ *De facto Works Ltd v. Odumotun Trading Co Ltd.* (1959) LLR 33 and *Hudson & Co. v. Asian* (1964) 1 WLR 466 PC.

¹⁴ See *Cadbury Schweppes Pty Ltd v. Pub Squash Co. Pty Ltd* (1981) 1 ALL ER 213.

off for a defendant to sell inferior or expired goods/products of the plaintiff as current stock, where such has been discarded by the plaintiff. In this passing off, the defendant who has managed to lay hands on the goods, which are unfit for human consumption sell them off as current stock of the plaintiff.¹⁵ There is no passing off, when old goods/products or second hand goods are sold off as such without pretending or falsely representing that they are new ones.¹⁶

The starting point for the modern law of passing off is the House of Lords decision in *Reckitt & Coleman Products Limited v Borden Inc*¹⁷, otherwise known as the "Jiff Lemon Case". This case concerned Reckitt's well know lemon shaped container for lemon juice and the dispute related to Borden's decision to begin selling lemon juice in a similarly shaped container. In finding that Borden's similar container infringed Reckitt's rights in passing off, Lord Oliver held that whilst the law of passing off could be summarized in the short general proposition that no man may pass off his goods as those of another, there are three elements of the tort which a claimant needs to establish in order to succeed with an action. There are three elements, which are sometimes called the "classical trinity". These elements can briefly be summarized as:

1. establishing a goodwill or reputation in the goods or services by association with a particular 'get u--p' which would be recognized by the public as distinctive of the claimant's goods and services;
2. demonstrating a misrepresentation which is likely to lead the public to believe the goods offered are those of the claims; and
3. establishing that damage has or will be caused.

Relevance of Passing off in Nigeria

The tort of passing off and trade mark infringement is very important in the life of a society. Individual person in a society has the right to life and the right to engage in any legal kind of economic activity to sustain the kind of life style that the individual has chosen. The law of tort

¹⁵ See *Wilts Ltd v. Thomas Robinson Sons & Co Ltd* (1958) RPC 94 CA; *Gittette Safety Razor Co & Amor v. Franks* (1924) 40 TLR 606.

¹⁶ *General Electric Co v. Pryce's Stores* (1933) 50 RPC 232.

¹⁷ *Reckitt & Colman Products Ltd. v Borden Inc.* [1990] 1 WLR 491

especially protects the individual in whatever economic activity one is engaged in. It protects business names, names of product, trademarks, among others. Anybody who attempts to cause confusion by illegal activities bordering on imitation, deceit, fraud in economic activities may be liable for the tort of passing off. The tort is available to prevent unfair competition by rival traders; it is also employed to ensure fair competition in market systems and maintain and safeguard individual interests in markets. "It is probably fair to say that passing off is, for many, one of the less familiar forms of intellectual property right. Unlike trademarks, registered designs and copyright, it does not have a statutory basis and it does not need to be registered to be effective. However, rights in passing off are still incredibly valuable because they protect one of the most valuable assets of a business - which is the value of the brand itself - otherwise known as 'goodwill'. Having the ability to protect the value of the brand without it being necessary to spend money on filing for trade mark registrations to cover each and every way the brand is used or presented is therefore very attractive, particularly given that the value of a brand can account for a significant percentage of value of a business. However it should not be relied on in place of such registered rights - it should be used to supplement such rights as part of a wider IP strategy."¹⁸ Sir John Salmond in his book *Law of Torts* stated the reason for the tort of passing off as thus: "The law... is designed to protect traders against... 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."¹⁹ The tort of passing off is common in a competitive business community or economy; it is a daily occurrence in Nigeria and other communities as a strategy to market their products and services. Nigeria has also recognized the relevance of the application of passing off and trademark by virtue of S. 251²⁰ which confers on the Federal High Court jurisdiction to handle trademarks infringement, passing off and copyright matters. (f) any federal enactment relating to copyright, patent, designs, trademarks and passing off, industrial designs and Merchandise marks, business names, commercial and industrial monopolies, combines and trust, Standard of goods and commodities and industrial standards; the Trade Mark Act²¹ and Merchandise Marks Act which governs business in Nigeria and ensures that an individual's business is not misrepresented or passed off. The law is that where there is a wrong, there is a remedy. Passing off enables

¹⁸ Michael Carter, "

¹⁹ John Salmond, *Law of Torts, op cit para 149*

²⁰ 1999 CFRN (as ammended)

²¹ Trade Marks Act Cap T 13 LFN 2004

businesses to enforce their rights associated with its good name in the market it prevents competitors' stealing-making use of – the traits of the product or service which has made prevalent market popularity. Passing off protects traders' goodwill in relation to their goods and services. "Goodwill" is the brand reputation which is built-up in relation to specific goods or services and which attracts customers. It can be held by an individual trader or in some cases shared, such as between all the producers of a specific product in a specific areas. The higher the degree goodwill, the greater chances are to be protected by this tort. I will go further to note that where the defendant's trademark does little to differentiate itself from the plaintiff's trademark therefore leaching off their already established goodwill, the tort of passing off will protect the plaintiff against it and will also protect consumers from being deceived into believing that a product is what it's not especially where that product emanates from an already established goodwill of another company.

Conclusion and Recommendation

The flexibility, and the fact that nothing needs to be registered to enforce the right, makes it incredibly attractive to claimants. 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 our recommendation that the necessary framework for Passing off actions be strengthened to defend the goodwill and reputation of businesses. In conclusion the common law tort of passing off remains a vital form of protection of intellectual property despite the introduction of a registered system of trade mark protection. Although the scope of protection under trade mark law has been extended by the 1994 TMA certain limitations remain which leave an action of passing off as the only form of protection in such instances. The gap in the act ²²also calls for reliance on the common law and this will be the case until statutory amendments are made.

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