**NAME: AMAEWHULE WALLIS**

**MATRIC NO: 17/LAW01/056**

**COLLEGE: LAW**

**LEVEL: 300**

**COURSE: LAW OF TORT II**

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**QUESTION: DISCUSS THE RELEVANCE OF PASSING OFF AS A FORM OF ECONOMIC TORTS IN THE 21ST CENTURY NIGERIA.**

Before we attack the question given, I feel it is of relevance that we briefly explain the term “economic torts” as it would be essential to have an overview of it if we are to talk about one of its forms, passing off and its relevance to it.

Economic torts, which are also called business torts, are torts that provide the common law rules on liability which arise out of business transactions such as interference with economic or business relationships and are likely to involve pure economic loss. Economic torts are tortious interference actions designed to protect trade or business. The area includes the doctrine of restraint of trade and, particularly in the United Kingdom has largely been submerged in the twentieth century by statutory interventions on collective labour law and modern competition law, and certain laws governing intellectual property, particularly unfair competition law. There is an absence of any unifying principle drawing together the different heads of economic tort liability. The principle forms of economic torts are

A Passing off B Injurious falsehood and trade libel

C Conspiracy D Inducement of breach of contract

E Tortious interference (such as interference with economic relations)

F Negligent misrepresentation G Watching and besetting

These torts represent the common law’s historical attempt to balance the need to protect claimants against those who inflict economic harm and the wider need to allow effective, even aggressive competition[[1]](#footnote-1)

Moving forward, we shift our focus to, “passing off”. What does the term “passing off” mean?

Passing off is described as an unfair competition by misrepresentation or literally speaking “the cause of confusion or deception”. Generally, an action for passing 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 e-commerce businesses and businesses with physical addresses.

Passing off is also defined as the act of falsely representing ones product to be that of another for the purpose of deceiving buyers. This is by virtue of Black’s Law Dictionary.

Duhaime’s Legal Dictionary, defines passing off as making some false representation likely to induce a person to believe that the goods and services are those of another.

**PASSING OFF AND TRADEMARK INFRINGEMENT**

It is necessary to state that passing off and trademarks infringement go hand in hand and are very similar in nature. Whilst, “passing off” is an action on unregistered marks that have become notoriously attributable to a person or company, a trademark infringement action usually involves a registered mark.

Another distinction is whilst an action for infringement of trade mark is a statutory remedy conferred on the owner of a registered trade mark, for the enforcement of a right to use the trademark in relation to the goods/services for which the mark has been registered, an action for passing off is both a common law and statutory remedy. It is an action against the deceit on the colourable imitation of a mark adopted by a person/company in relation to goods or services which has acquired a distinctive reputation in the market and is known as belonging to or produced by that person or company only. Passing off both a common law and statutory remedy in Nigeria is supported by section 3 of the *Trademarks Act[[2]](#footnote-2)* which provides that:

*“No person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark; but nothing in this Act shall be taken to affect rights of action against any person for Passing off goods as the goods of another person or the remedies in respect thereof”.*

Cases that promotes our understanding of what passing off entails includes

*Niger Chemists Limited v Nigeria Chemists[[3]](#footnote-3):*  the issue for determination was whether the defendant creating a chemists business, with similar name to that of the plaintiff on the same street is likely to deceive the public that there was a relationship between them. The court ruled in favour of the plaintiff and granted an injunction against the defendant against the use of the name. in this instance passing off occurred by use of similar trade name.

*Trebor Nigeria Limited v Associated industries limited[[4]](#footnote-4):* issue for determination was whether the defendant’s wrapper used to package their product being similar to that of the plaintiff’s is guilty of passing off their product as that of the plaintiff? Although the defendant raised two dissimilarities as part of a defence, the court ruled in favour of the plaintiff and found the defendant guilty of passing off. In this case passing off occurred by using packaging strongly similar to that of the plaintiff.

**JURISDICTION OF THE COURTS**

An action for infringement of registered trademarks should always be instituted in the Federal High Court only because the action arises in relation to a Federal enactment which is the Trade Mark Act. However, the courts have variant decisions on the jurisdiction of the courts on Passing off actions.

In *Patkun Industries Ltd. v Niger Shoes Ltd[[5]](#footnote-5)*, a 1988 decision, the Supreme Court held that the Federal High Court has jurisdiction in trademarks infringement and Passing off actions stemming from the infringement of trademarks, whether registered or unregistered. However, the reasoning and opinion of Nnamani J.S.C, Uwais J.S.C the Chief Justice of Nigeria at the time, and Mohammed J.S.C in the 2003 case of *Ayman Enterprises Limited v Akuma Industries Limited & Ors[[6]](#footnote-6)* was that, a Passing off action for an unregistered trademark should not be instituted in the Federal High Court but a State High Court as the right of action in a Passing off did not arise from the infringement of any Federal enactment and so may only be a common law right but that the Federal High Court has jurisdiction over Passing off claims arising from the infringement of a trademark only if the trademark allegedly infringed was registered.

In *Omnia (Nig.) v Dyktrade Ltd[[7]](#footnote-7)* a 2007 decision, it was held that the Federal High Court has exclusive jurisdiction to hear and determine a claim for Passing off whether the claim arises from the infringement of a registered or unregistered trade mark.

The Constitution specifically makes provisions for passing off actions as follows:[[8]](#footnote-8)

*"Notwithstanding anything to the contrary contained in this Constitution and in addition to such other jurisdiction as may be conferred upon it by an Act of the National Assembly, the Federal High Court shall have and exercise jurisdiction to the exclusion of any other court in civil causes and matters on 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 trusts, standards of goods and commodities and industrial standards".*

The Constitution[[9]](#footnote-9) also provides that, *“If there is any other law that is inconsistent with its provisions, the Constitution will prevail, and that other law shall, to the extent of the inconsistency, be void”*. These provisions in the grundnorm places the correct position in perspective and emphasizes the position of the Federal High Court as the Court with exclusive jurisdiction in Passing off actions.

**COMPONENTS/ELEMENTS OF PASSING OFF**

Aside from the key component of deception, Justice Nnaemeka Agu, in the 1977 case of The *Boots Company Limited v United Niger Imports Limited[[10]](#footnote-10)*, carefully listed what he considered to be the ingredients of a successful Passing off action as follows:

1. Proof that the name, mark, sign which the plaintiff claims ownership has become distinctive of his goods and is regarded by a substantial number of the public or persons involved in a trade in the relevant market as coming from a particular source
2. That the defendants who are engaged in a common field have used a name, mark, sign so resembling to the plaintiff's that it is likely or calculated to deceive or cause confusion in the minds of the common customer
3. That the use of the name, mark, sign is likely to cause or has caused injury, actual or probable to the goodwill of the plaintiff's business.

**REMEDIES**

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: 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.
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. Anton Piller Orders: This is an order for inspection and delivery up of infringing materials in the possession or control of an infringer. *Ferodo Limited & Anor. V. Ibeto Industries Limited[[11]](#footnote-11).*
5. Account of profit[[12]](#footnote-12): Here the Plaintiff is entitled to profit on goods wrongly sold by the infringer.

**DEFENCES TO PASSING OFF**

1. Consent of the Plaintiff to the use of the name, mark, sign or slogan.
2. Indistinct name, mark, sign and slogan of the plaintiff[[13]](#footnote-13).
3. That the Plaintiff's name, mark, sign hand slogan has become generic/common place.
4. Dissimilarities in the mark of the Plaintiff and Defendant[[14]](#footnote-14).
5. Innocent usage of the Plaintiff's name.

Moving forward, we shall now attack the main question in light of the information above

**RELEVANCE OF PASSING OFF AS A FORM OF ECONOMIC TORT**

The relevance of passing off is immense as it tries to protect the rights of product manufacturers, those who do not have trademarks from people exploiting the goodwill or reputation built by them. This torts makes it possible that if such happens one may be able to seek certain remedies against the defendant that aim to mitigate all of past, present and potential future loss or damage.

As such small businesses 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 their goodwill, trade name and profits.

The Supreme Court also needs to resolve with one voice, the jurisdiction of the Federal High Court in line with the constitution to prevent objections and delay of justice at court

# Bibliography

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3. (1961) ANLR 180 [↑](#footnote-ref-3)
4. (1972) NNLR 60 [↑](#footnote-ref-4)
5. (1988) 5 NWLR (Pt 93) 138 [↑](#footnote-ref-5)
6. (2003) LPELR-SC. 116/1999 [↑](#footnote-ref-6)
7. (2007) 15 NWLR (Pt. 1058) 576 [↑](#footnote-ref-7)
8. Section 251 (f) of the 1999 Nigerian Constitution [↑](#footnote-ref-8)
9. Section 1 (3) of the 1999 Nigerian Constitution [↑](#footnote-ref-9)
10. (1977) 1 A.N.S.L.R. 144 [↑](#footnote-ref-10)
11. (2004) LPELR-1275(SC) [↑](#footnote-ref-11)
12. Nwabachili, Chudi C, Intellectual Property and Law in Nigeria [↑](#footnote-ref-12)
13. Supra in 11 above [↑](#footnote-ref-13)
14. Supra in 4 above [↑](#footnote-ref-14)