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QUESTION

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

According to Morison, the term *passing-off* indicates the act of offering goods for sale with an accompanying misrepresentation either by words or by conduct as to the origin of the goods, whereby the purchaser has been misled and business has been diverted from the plaintiff to the defendant.[[1]](#footnote-1) It is commonly called a strict liability tort because the plaintiff does not need to show any wrongful intention on the part of the defendant, fraud apparently having been abandoned as an element of proof of the tort of passing-off.

In the nineteenth century, the courts of law generally agreed that passing-off actions were questions of fact rather than questions of law, while the courts of equity performed the work of discovering the legal right they would protect. If the reported cases can be relied upon to represent the development of the tort, then it appears from them that passing-off was successful in equity before the time of any successful cause of action in the common law courts.

The tort of *passing-off* is practiced in Common Law countries like Nigeria, the United Kingdom, New Zealand, Australia etc. The tort of *passing-off* is designed to protect traders, businessmen against unfair competition acquired by false or misleading information and to prevent a rival trader from benefitting from the reputation already achieved by a trader or businessman.

In 1875 a statutory system of registering trademarks was introduced whereby registering a mark which acts as an indication as to the identity or origin of a product, protects that mark from being used by anyone other than the proprietor of the trade mark. This solved the earlier problems of having to show title to the mark by establishing goodwill as it is necessary for a *passing-off* action. The law has been subsequently amended by numerous statutes until the Trade Mark Directive was finally implemented into English law in the form of the Trade Mark Act 1994 (‘TMA’) which is where the law stands today.

The purpose of the TMA was to widen the scope of trade mark infringement by allowing for the registration of any sign capable of being represented graphically which is capable of distinguishing goods of services of one undertaking from those of other undertakings.

It has been suggested that this broad definition of what constitutes a registerable mark will considerably limit the role of *passing-off* in the future as its effect is to allow registration of almost anything which is capable of being a distinguishing indicium for the purposes of a claim for *passing-off*’. Notwithstanding, despite this extended definition, *passing-off* actions will remain an essential feature in English law. In every common law legal system, the tort of *passing-off* aims to achieve; enabling businesses to continue to earn profit and; to protect the right of property that exists in goodwill (i.e. business value).

For the tort of *passing-off* to succeed, the following elements much be established:

1. 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.
2. 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.
3. 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. (The Claimant / plaintiff needs to show that the defendant’s activities are calculated to deceive the public).

These (3) three elements known as the Classic Trinity were stated in the House of Lord’s case of *Reckitt & Colman Products Ltd v Borden Inc*.[[2]](#footnote-2)

The elements of passing off need to be proved in any of the forms which passing off can take which include;

Trading under a name which is closely related to that of the claimant/ plaintiff such name being likely to mislead the public:

The well-established case on this is *Hendriks v Montagu* 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 Assurance Association”. In Nigeria, the court has decided a similar situation in *Niger Chemists ltd. v. Nigeria Chemists.[[3]](#footnote-3)* Palmer J. granted an injunction restraining the defendants from using the name “Nigeria Chemists” as it was calculated to deceive those who had the intention to deal with Niger Chemists. Both parties in the suit were engaged in a similar business. Thus, where a name is made to deceive a consumer or the public due to its similarity with that of a plaintiff then that is a form of passing off and there exists a tort.

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. 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. Descriptive names such as ‘water’, ‘beer’ ‘stout’ are not protected unless the plaintiff can prove that the descriptive name has acquired a secondary name exclusively associated with the plaintiff’s own product.

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.

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.

Imitating the get up or appearance of the plaintiff’s goods:

Where there is appearance of the plaintiff’s goods which identifies the goods as those of the plaintiff, any adoption or imitation of the appearance or get up of the plaintiff’s goods by another in a manner likely to deceive will give rise to the tort of passing off. Thus, where the defendant imitates the get up or appearance of the plaintiff’s goods, the defendant is liable for passing off. There is a scenario where the plaintiffs claimed that the defendants were guilty of passing off their products as that of the plaintiffs. The court held at the defendants had in every aspect from carton to tablet to manufacturing marketed a product as similar as possible to that of the plaintiffs.[[4]](#footnote-4)

The following remedies for *passing-off* injuries can be claimed by the plaintiff:

1. 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 plaintiff must have suffered losses especially in the course of business.
2. 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. Further, a perpetual injunction can be granted by the court when the suit has been concluded i.e. the defendant will never use the mark again.
3. A plaintiff can also approach the court to grant him/her the delivery of the goods of the defendant which breach the trademark to be destroyed.

Defences available to a defendant include:

1. Dissimilarities in the mark between that of the defendant and that of the plaintiff. See Trebor Nig. Ltd. (Supra).
2. Consent of the plaintiff was sought before using the name or mark or slogan as the case may be.
3. The defendant can also plead innocent usage of the plaintiff’s name.
4. The plaintiff’s name or mark has become common/ generic.
5. The mark of the plaintiff is not distinctive.

Passing Off and Trademark Infringement

The tort of passing off arises when a mark, sign or product is unregistered under the Trademarks 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. However, passing off claims are time consuming and less straightforward. Trademark infringement unlike passing off involves a registered trademark. Where there has been constant usage of an identical mark by the defendant and such usage is likely to cause deceit or confusion in the course of business. Then that is trademark infringement. It is worthy of mention that once a trademark is registered, it gives the owner (the proprietor of the trademark) the exclusive right to use the trademark in business, marketing, etc. The proprietor of the trademark is the individual who is entitled to the exclusive usage of his trademark. A claim for passing off can exist along with a claim for trademark infringement. In the event where a claim for trademark infringement fails, the claim for passing off will succeed. In Nigeria, three tests exist for determining whether two trademarks are identical and bear similar resemblance thus leading to trademark infringement.[[5]](#footnote-5)

1. The mark or sign of the defendant will be confused with the existing trademark of the plaintiff.
2. Where words are the subject of the trademark infringement, a close look at the first syllable of the word will help in determining the infringement. This is because the consumer first comes in contact with the first syllable of the word before tasking the product as genuine.
3. The third test is the visible inspection of the mark, sign or slogan and the sound which is imported by the ear (i.e. if there is confusion arising from describing both products via a telephone conversation). Thus, the eyes and ears are employed.[[6]](#footnote-6)

In conclusion, 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. The common law tort remains a vital form of protection of intellectual property despite the introduction of a registered system of trade mark protection.[[7]](#footnote-7)

1. Morison, above 1, 56 [↑](#footnote-ref-1)
2. [1990] 1 All E.R. 873 [↑](#footnote-ref-2)
3. [1961] 1 All NLR 171 [↑](#footnote-ref-3)
4. Trebor Nigeria ltd v. Associated Industries ltd (1972) NNLR 60 Suit no K/127/71 May 29 1972 [↑](#footnote-ref-4)
5. G. Kodilinye and O. Aluko, Nigerian Law of Torts (Spectrum Books Limited 1999) [↑](#footnote-ref-5)
6. Alban Pharmacy Ltd v Sterling Products International Inc. 11 NIPJD [SC. 1968] 459/1966 [↑](#footnote-ref-6)
7. R. F. V. Heuston, Salmond on the Law of Torts (16th edn, Sweet & Maxwell London, 1973 [↑](#footnote-ref-7)