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LPB 302

LAW OF TORTS

Questions

Discuss the relevance of passing off as a form of economic torts in the 21<sup>st</sup> 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.

## Passing Off

Passing off is described as an unfair competition by misrepresentation or literally speaking "the cause of confusion or deception". Generally, an action for Passing off arises where the deception is made in the course of trade, which could lead to confusion amongst customers.

Passing off happens when someone deliberately or unintentionally passes off their goods or services as those belonging to another party. This action of misrepresentation often damages the goodwill of a person or business, causing financial or reputational damage.

The essence of passing off is the selling of goods or the carrying on of a business in such a manner as to mislead the public in to believing that the defendant's product or business is that of the plaintiff, and the law on this matter is designed to protect traders against that form of unfair competition which consists in acquiring for oneself, by means of false or misleading devices, the benefit of reputation already achieved by rival traders.

As held in the famous case of *N. R. Dongre Vs. Whirlpool Corporation* 1996 (16)PTC 583 (SC)

"A man may not sell his own goods under the pretence that they are the goods of another man."

## Elements of passing off

When coming to Court, there are three elements, often referred to as the Classic Trinity, in the tort which must be fulfilled. In *Reckitt & Colman Products Ltd v Borden Inc*, Lord Oliver reduced the five guidelines laid out by Lord Diplock in *Erven Warnink v. Townend & Sons Ltd*.<sup>[4]</sup> (the "Advocaat Case") to three elements:

1. Goodwill owned by a trader

2. Misrepresentation

3. Damage to goodwill

**Goodwill** - you must prove that you own a 'reputation' in the mark that the public associates with your specific product or service.

**Misrepresentation**- you must show that the trader has caused confusion and deceived or misled the customers into believing that their goods and services are actually yours.

**Damage** - you must prove that the misrepresentation damaged or is likely to damage your goodwill, or cause actual or foreseeable financial or reputational loss.<sup>1</sup>

## Types of Passing Off

There are various types of passing off practices in Nigeria some of which include:

1. **Marketing a product as that of the plaintiff** e.g. marketing your detergent as Ariel or Omo.
2. **Trading under a name so closely resembling the plaintiff as to be likely to mislead the public in to believing that the defendant's business and that of the plaintiff are one and the same:** Niger Chemists Ltd v Nigeria Chemist(1961)All N.L.R 171 . the Plaintiff had an established chemist business using the name "Niger Chemist" while the Defendants established the same business on the same street with the Plaintiff using the name "Nigeria Chemist". The Plaintiff sued the Defendant claiming the name was too similar and likely to deceive the public that there was a relationship between them. The Court agreed with the Plaintiff and granted an injunction against the Defendant on the use of the name. In this instance Passing off occurred by the use of a trade name similar with that of another such as to deceive the public that there exists a business relationship between the two.
3. Marketing goods under a trade name already appropriated for goods of that kind by the plaintiff, or under a name so similar to the plaintiffs trade name as to be mistaken for it.

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<sup>1</sup> Black's Law Dictionary Ninth Edition;  
(1996)16PTC583(SC);  
(1979)AC731;  
<[https://en.m.wikipedia.org/wiki/Passing\\_off](https://en.m.wikipedia.org/wiki/Passing_off)>

4. Marketing goods with the trademark of the plaintiff or any deceptive imitation of such mark.
  
5. **Imitating the set-up or appearance of the plaintiffs goods.** De Facto works Ltd v Odumotun Trading Co Ltd (1959) L.L.R33

## Relevance of Passing off in Nigeria

Passing off has become an underlying issue in the Nigerian society. This is a big issue especially in Nigeria where goods on the store shelves are not properly labelled and people freely sell these goods in the market place. Don't you just dislike when you buy a trusted product and then realise it is an identical brand made to look exactly like what you originally wanted? The worst part of this problem is that you need to look very closely at those products to tell the difference, especially when it is of the same specification and supposedly does the same function for what you requested for. The relevance of passing off as an economic torts in Nigeria is to prevent the selling of goods or the carrying on of a business in such a manner as to mislead the public in to believing that the defendants<sup>2</sup> product or business is that of the plaintiff, and the law on this matter is designed to protect<sup>3</sup> traders against that form of unfair competition which consists in acquiring for oneself, by<sup>4</sup> means of false or misleading devices, the benefit of reputation already achieved by rival traders.

Passing off is both a common law and statutory remedy in Nigeria as it is statutorily supported by Section 3 of the Trademarks Act<sup>2</sup> 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".

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<sup>2</sup> (1961)All N.L.R 171(HC);  
(1959)L.L.R33(AC)

<<https://www.mondaq.com/Nigeria/Intellectual-Property/704160/An-Appraisal-Of-Passing-Off-Actions-Under-Nigerian-Law>>

(2007)15 NWLR (PT. 1058)576  
5 NWLR (Pt.93)138(AC)  
Section 251F of the CFRN1999

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

## **Jurisdiction of the Courts**

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<sup>6</sup> 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.

Ayman Enterprises Ltd. v. Akuma Industries Ltd. (1999): The core issue raised at the Supreme Court was whether the Federal High Court had jurisdiction to hear cases founded on passing-off of an unregistered trademark. The Supreme Court held that the Federal High Court, which has jurisdiction over Intellectual Property cases in Nigeria, does not have jurisdiction in relation to actions for passing-off arising from unregistered trademarks.

However, In the case of Omnia Nigeria Limited v. Dyketrade Limited (2003): The Supreme Court held that the Federal High Court has jurisdiction to hear and determine cases of passing off, whether or not these cases arise from registered or unregistered trademarks.

## **Remedies in a Passing off action**

In Nigeria there are certain reliefs/ remedies which can be claimed in a Passing up action, this include:

**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.

**Damages:** It has been established through decided cases that 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.

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.

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*.

Account of profit: Here the Plaintiff is entitled to profit on goods wrongly sold by the infringer.

## **Defences available to a defendant in a Passing Off action**

However there also certain defences available against a claim of Passing off in Nigeria some of which include:

1. Consent of the Plaintiff to the use of the name, mark, sign or slogan.  
Indistinct name, mark, sign and slogan of the plaintiff.
2. That the Plaintiff's name, mark, sign and slogan has become generic/common place.
3. Dissimilarities in the mark of the Plaintiff and Defendant<sup>16</sup>.
4. Innocent usage of the Plaintiff's name.

## **Conclusion**

The purpose of an action for Passing off in Nigeria 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. Unfortunately, Passing off is not a criminal offence, however, any victim of Passing off may first make a report to the person/company manufacturing the product one intended to purchase to make them aware that another person/company is reproducing a similar product and passing it off as theirs.

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 their goodwill, trade name and profits.

It is also suggested that the Trademarks Act be further amended to reflect the times, happenings and changes in the Nigeria. In particular, we have observed that the Trademarks Registry has witnessed a serious backlog in the successful completion of the registration of marks and this has the resultant effect of limiting the rights of most product owners to Passing off as opposed to the an action on the infringement of a trademark.<sup>5</sup>

## **Bibliography**

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<sup>5</sup> <<https://www.lawteacher.net/free-law-essays/business-law/tort-of-passing-off-project-assignment-law-essays.php?vref=1>>