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LAW OF TORT

What is passing off?

The Duhaime's Legal Dictionary, defines Passing off as making some false representation likely to induce a person to believe that the goods or services are those of another. Passing off is a branch of tort that focuses on the representation of a person's business or product by another in such a way that it deceives the society as to the relationship between the products. If a person opens a company with the name 'Homa Ltd' and another person opens another company with the name 'huoma Ltd' there is a high possibility that the general public can get confused, and begin to think that these two companies are related to each other. In essence, passing off is said to be a false representation of one's product as that of another person which deceive the general public into buying that product. Where a person uses another person's name, trademark, and 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 other person, he is said to have committed the tort of passing off.

According to the Trademark Law, "a man is not to sell his own goods under the pretence that they are the goods of another man." When creating a business, a very important requirement is a business name; this enables the business to be easily identified alongside its objectives. Also, a business name creates exclusivity in business especially when such name has been registered under the legally recommended body. A business that has registered its name, has sole right over that name and also the right to sue anybody that uses the name or a name similar to it to such an extent as to deceive the public. In Nigeria, the body responsible for registration of business names is the Corporate Affairs Commission (CAC) and the Companies and Allied Matters Act 2004 (CAMA) is the law that provide the guidelines.

Under Section 579(1) (d) CAMA, a name is prohibited and restricted where it is identical with or similar to a name by which any firm, company or individual is registered under the Act. Additionally, Section 30(1)(a) (d) CAMA, a name is prohibited and restricted where it is identical with that by which a company in existence is already registered, or so nearly resembles

that name as to be calculated to deceive... or in the opinion of the commission would violate any existing trade mark or business name registered in Nigeria...

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. This applies to both ecommerce businesses and businesses with physical addresses.

Another definition of 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.

OMNIA NIGERIA LTD v DYKETRADE LTD¹, 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. More so, Section 251(1) (f) of the 1999 constitution as amended gives the Federal High court exclusive jurisdiction on matters relating to passing off. Lord Parker in the case of *Spalding & Bros v. A.N Gamage LTD* held that the basis of passing off is a false representation of the defendant and it must be proved in every case that a false representation has been made.

Lord Kingslow said that "the fundamental rule is that no man has a right to put off his goods for sale as the goods of a rival trader." It was held in the case of **Bryon v. Johnston¹** that it is an actionable tort of passing off for a book publisher to advertise and sell books of poems with the name of Lord Bryon at the title page when in fact, the famous poet had nothing to do with the authorship. Lord Langdale in the case of **Perry v. Truefitt** stated that "a man is not to sell his own goods under the pretence that they are the goods of another person; he cannot be permitted to such practice such as deception, nor to use any means which contributes to that end."²

Typical forms of passing off in Nigeria

Everyone has a right to enjoy the benefits of what they create, be it monetary benefit or even simply the goodwill and reputation that comes with it. In a country such as Nigeria, where people

¹ (1816) 35 ER 851

² 1842) 49 ER 749 at 725

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

¹ (2007) 15NWLR PT 1058 576

almost the same name or trademark or even having similar packages. The most common forms of passing off in Nigeria includes: using a name that closely resembles the name of an existing product, imitating the appearance of the plaintiffs products, producing fake products using the plaintiffs trademark, copying the plaintiff's advertisement, selling the plaintiffs expired or inferior products thereby causing an injury to the plaintiffs reputation etc.

Goodwill is an important element in succeeding in an action of passing off, however, the existence of goodwill alone will not be enough to fulfill the other ingredients required for the Tort of passing off.

The House of Lords in the case of **IRC v. Muller Margarine** described goodwill in relation to the tort of passing off as 'the benefits and advantage of the good name, the reputation and connection of a business. It is the attractive force which brings in custom.'

Grounds of passing off

The law of passing off is designed to prevent misrepresentation in the course of trade in a business which is likely to confuse the public. The grounds for passing off includes trading with a name resembling that of the plaintiff, marketing a product as that of a the plaintiff, marketing goods with a name resembling that of the plaintiff's goods, marketing products with the plaintiff's trademark or it's imitation, imitating the get up of the plaintiff's product, imitating the plaintiff's advertisement or selling inferior or expired goods of the plaintiff as a current stock. An action for copyright will lie where a defendant is involved in business very similar as a plaintiff and adopts a name which will make the public believe that his business and that of the plaintiff are the same or connected. In the case of **Beecham Group Ltd v. Esdee Food Product Nigeria Ltd** it was held that the trademark 'glucose-aid' is calculated to deceive the public in sound in consideration of the trademark 'Lucozade.' In the case of **Niger Chemist v. Nigerian Chemist**³ Palmer J said that "it seems to me a matter of common sense that when two firms trade in the

³ ALL NLR 180 at 182

same town, in the same street and in the same line of business, one calling itself ‘Niger Chemist ‘ and the other ‘Nigerian Chemist,’ there must be a grave risk of confusion and deception.

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 reduced by Lord Oliver from Lord Diplock’s five elements as laid down in the case of **Erven Warnink v. Townend & Sons Ltd** . This is also known as the ‘advocate case. They are:

- (i) Goodwill owned by the trader
- (ii) Misrepresentation
- (iii) Damage to goodwill

(i) Goodwill owned by the trader

The plaintiff must have acquired some kind of goodwill from the product that he feels necessary to protect. The existence or otherwise of a course of action in passing off and the existence of established goodwill will then have to be decided by the court in each particular case.

In the case of **ICR V Muller Margarine** goodwill and reputation with respect to passing off was defined as ‘the benefits and advantages of a good name, reputation, and connection of a business. It is the attractive force which brings in customers.’ The establishment of goodwill is key to proving a claim of passing off but it cannot by itself suffice without the other two key elements of the classical trinity.

(ii) 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. (iii) Damage to goodwill

It is not enough to prove that there is an existence of goodwill or misrepresentation; it is necessary to show that damage had occurred as regards to that misrepresentation. He must show that he had suffered or is likely to suffer loss from that misrepresentation. The plaintiff does not need to prove actual or special damage; real or tangible probability of such damage will suffice. However, the damage must be reasonably foreseeable.

Legal protection of products in Nigeria

Protecting your product can be the best thing you can do especially in a country like Nigeria where there is a high rate of passing off and copyright infringement. In cases of unregistered trademarks, a person may need to bring an action to prevent 'passing off. A person can prevent others from selling or marketing his products or confuse the public into believing they are one and the same products by proving the extent to which his goods are being sold..

One of the most common forms of passing off is passing off on the name of a business. A business name indicates what a business stands for. In **Continental Pharmaceutical Ltd v. Sterling Products Nigeria PLC and SmithKline Beecham Plc**, the plaintiff, Continental Pharmaceutical Ltd were manufacturers of a registered trademark designed with the words 'Conphamol' brought an action against the defendants for allegedly infringing on the salient features only substituting Conphamol for Panadol. It was held that passing off had occurred due to the infringement of the Plaintiff's registered trademark.

Passing off law does not only highlight what constitutes an infringement in that aspect, rather it grants appropriate remedies to those whose products or business has been infringed upon whether there is a proof of actual damage or not, so long the ingredients of what constitutes an infringement is satisfied.

Passing off is something that needs to be taken seriously in this country because a lot of people have fallen victims to lack of knowledge on how to protect their goods or ensure that they get the right remedy when such infringement occurs.

Remedies in a Passing off action

The following reliefs/ remedies can be claimed in a Passing up action as follows:

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.

In conclusion, 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.

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