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THE CONCEPT OF PASSING OFF

Passing off is not defined in the Trademarks Act, 1999. But various courts have tried to follow the common law in helping build an idea of passing off. Passing off is said to take place when a trademark, registered or unregistered is infringed in a manner where not only is the mark dangerously similar to that of the plaintiffs’, but also it rides on the plaintiffs’ goodwill to help establish a market and thus ruin the plaintiffs’ market. “Goodwill” plays a big part in instituting an action against the tort of passing off. Another definition of Passing off according to Black’s Law Dictionary is the act or an instance of falsely representing one's own product as that of another in an attempt to deceive potential buyers.

As held in the famous case of N. R. Dongre Vs. Whirlpool Corporation[[1]](#footnote-1) “A man may not sell his own goods under the pretense that they are the goods of another man.”

Law aims to protect traders from this form of unfair competition. In the case of Trebor Nigeria Limited v. Associated Industries Limited[[2]](#footnote-2). Trebor Nigeria Limited the makers of Trebor Peppermint brought an action against Associated Industries Limited the makers of Minta Supermint claiming that the wrapper used to package the product by the Defendant was similar to that of the Plaintiff and that they were guilty of Passing off their products like that of the Defendant. The Defendants raised dissimilarities in the two products as a defense to the action, the Judge however found the Defendants liable for Passing off their products as that of the Plaintiff. In this instance passing off occurred by the use of a package strongly similar with that of another product such as to deceive the public that they are one and the same.

They are two types of passing off namely:

1. Extended passing off – where a misrepresentation as to the particular quality of a product or service causes harm to another's goodwill
2. Reverse passing off - where a trader markets another business' goods or services as being his own.

Legally, classifying acts under this tort aims to protect the right of property that exists in goodwill. Goodwill is defined as the part of business value over and above the value of identifiable business assets. So basically it is an intangible asset.

In itself, professional practice goodwill can be divided into practitioner goodwill, where the skill and reputation of the individual practitioner comes to play, and practice goodwill, which is very similar to institutional goodwill and depends on the institute reputation.

Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd[[3]](#footnote-3) also known as the Advocaat case was the first case where the basic elements of the wrong of passing off were put forth by Lord Fraser. Warnink was one of the primary market producers of a Dutch liqueur made from a blend of hen egg yolks, aromatic spirits, sugar, and brandy, which it sold under the name "Advocaat". Townend produced a similar alcoholic drink but using egg and Cyprus wine which it sold as "Keeling's Old English Advocaat".

The Court held that Townend was passing off their goods as those of Warnink. In applying the test for passing off, the Court developed what is known as the "extended" tort of passing off which included any situation where goodwill is likely to be injured by a misrepresentation.

Lord Diplock established five criteria for a claim of extended passing off.

* There must be misrepresentation
* It must be made by a trader in the course of trade,
* to prospective customers of his or ultimate consumers of goods or services supplied by him,
* which is calculated to injure the business or goodwill of another trader, and
* which causes actual damage to the business or goodwill of the trader bringing the action

Later in Reckitt & Colman Products Ltd v Borden Inc., the Jif Lemon case[[4]](#footnote-4), Lord Oliver reduced these principles to three basic features (now known as the classical trinity) which included;

1. Reputation

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

1. 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.

1. Damage to goodwill

 You must prove that the misrepresentation damaged or is likely to damage your goodwill, or cause actual or foreseeable financial or reputational loss.

To sum it up, the tort of passing off covers those cases where one trader falsely misrepresents his goods as those of another trader/brand, which has a good reputation/goodwill in the market and thus leads to damaging his goodwill.

**Damages**

* Use of a Registered Trade mark: If the alleged passing off relates to the defendant’s use of a registered trade mark in association with the wares or services of the registration, the existence of the registration will be a defense to a claim for passing off. This is because the defendant has the exclusive statutory right to use the mark in association with the wares or services for which it is registered. If the plaintiff has a claim that it is entitled to the mark in priority to the registrant consideration should be given to bringing proceedings to expunge the registration.
* Use of an Individual’s Own Name: An individual defendant has a right to use his or her own name and the fact that confusion may occur does not constitute passing off by itself. However, if confusion occurs, which is brought to the attention of that defendant, the defendant is under an obligation to take reasonable care to qualify the representation implied in his or her conduct in order to avoid confusion.
* Plaintiff’s Own Goods: It is not passing off to use the plaintiff’s name or mark in connection with wares that are the plaintiff’s original wares. But a trader cannot represent that wares, which are the plaintiff’s wares, are of a particular class or quality if they are not. For example, it is actionable to offer wares of inferior or deteriorated quality as the plaintiff’s original goods or the plaintiff’s wares in a materially altered form as the original. The fact that notice of the difference is given to consumers at the time of sale may avoid a finding of passing off.
* Functionality: Like trademarks any combination of elements which are primarily designed to perform a function cannot be protected through a claim for passing off. The fact that the party seeking protection obtained a patent relating to the article in question is evidence of functionality. For example, the manufacturer of LEGO brand toy building blocks, after the patents relating to its product expired was not able to protect the elements that make up its product through an action for passing off.

**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. In the case of Niger Chemists Limited and Nigeria Chemists[[5]](#footnote-5) 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.
* 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 claims 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[[6]](#footnote-6).
* Account of profit Nwabachili[[7]](#footnote-7). Here the Plaintiff is entitled to profit on goods wrongly sold by the infringer.

Unfortunately, Passing off is not a criminal offence, such that one could make a report to the Police or relevant institution. 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. One may also go further to report the misrepresentation by the manufacturers to the Consumer Protection Council ("CPC") and seek compensation as a dissatisfied consumer.

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1. (1996) 5 SCC 714) [↑](#footnote-ref-1)
2. (1972) NNLR 60 [↑](#footnote-ref-2)
3. [1979] AC 731, [1980] R.P.C. 31 [↑](#footnote-ref-3)
4. [1990] 1 All E.R. 873 [↑](#footnote-ref-4)
5. (1961) ANLR 180 [↑](#footnote-ref-5)
6. (2004) LPELR-1275(SC) [↑](#footnote-ref-6)
7. Chudi C Nwabachili, Intellectual Property and Law in Nigeria Publisher, AuthorHouse, 2009. [↑](#footnote-ref-7)