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**MATRIC NO; 17/LAW01/228**

**LAW OF TORTS ASSIGNMENT**

**QUESTION;** Discuss the relevance of Passing Off as a form of Economic Torts in the 21st century Nigeria.

Use **NALT GUIDELINES FOR FOOTNOTES** you should also include a bibliography at the end.

**ECONOMIC TORTS** are torts which inflict financial loss or financial injury, this tort basically protects the intangible interests of people i.e.; their economic interest from unlawful interference and it mainly occurs in the business, economic or financial sector of life. Economic torts include;

* Passing off
* Breach of intellectual property rights
* Injurious/Malicious falsehood
* Interference with contracts
* Conspiracy to interfere

**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.

Asides from straight passing off, there can also be:

* **Extended Passing Off** – where a misrepresentation as to the particular quality of a product or service causes harm to another's goodwill
* **Reverse Passing Off** - where a trader markets another business' goods or services as being his own

Raising an action of passing off can help you to prevent other people from using the goodwill associated with your business for their own benefit.

**ELEMENTS OF PASSING OFF**

To establish a claim for passing off, you must meet **three** key requirements:

* **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

Rights relating to passing off are established gradually with use. Goodwill in a mark can be particularly difficult to define. Reputation and goodwill of a business is generally considered as something that provides an identity to a business and its goods or services, and distinguishes them from those of their competitors.

**REMEDIES FOR PASSING OFF**

If you are successful in a passing off claim, there are several remedies available, you can:

* apply for an injunction to prevent the business from using your trade mark or goodwill
* apply to have the infringing goods destroyed
* sue for damages or seek account for lost profit
* request an inquiry to establish loss

**DEFENCES OF PASSING OFF**

You may encounter different defences if you pursue a claim for passing off. For example, the defendant may argue that:

* the mark in question is not distinctive
* the mark is generic
* they have used carefully and honestly their own name
* you don't have goodwill in the mark
* you have given consent or encouraged the use of the mark
* you can't demonstrate damage or loss

The law on passing off is complicated. Claims can be hard to prove and taking action can be expensive, as the evidential **burden of proof** **is solely on the trade mark owner**.[[1]](#footnote-1)

**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. This means that a mark, brand, design, name must be **registered** as a trade mark before one can make a claim on trade mark infringement.

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 trade mark in relation to the goods/services for which the mark has been registered; an action for Passing off is an action against the deceit on the colourable imitation of a mark adopted by a person/company in relation to goods/services which has acquired a distinctive reputation in the market and is known as belonging to or produced by that person/company only.

An action for Passing off is a common law remedy and the claimant need not establish title for same but must show that the goods/services have distinctive features.

It is arguable to state that Passing off is both a common law and statutory remedy in Nigeria as it is statutorily supported by Section 3 of the Trademarks Act 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**".

The above connotes that a Passing off action instituted when a mark is not registered is both supported by common law and statutorily backed up, thus giving effect to the legal maxim "There is no law without a remedy".

In the case of Trebor Nigeria Limited v. Associated Industries Limited, 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 plaintiff. The defendants raised dissimilarities in the two products as a defence 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.**

**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, 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 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 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.

These divergent reasoning of learned justices have in no little measure created doubts on the courts to institute an action in Passing off nonetheless, the grundnorm proffers a lasting solution to the jurisdictional issue. The Constitution specifically makes provisions for Passing off actions as follows:

"**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 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 emphasises the position of the Federal High Court as the Court with exclusive jurisdiction in Passing off actions.[[2]](#footnote-2)

**CONCLUSION AND RECOMMENDATION**

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.

From the above, it can be seen that passing off **is still relevant** as an economic tort in Nigeria although, the Trademarks Act shoud be further amended to reflect the times, happenings and changes in the Nigeria and The Supreme Court should also resolve with one voice the jurisdiction of the Federal High Court in line with the Constitution to prevent unnecessary objections and delay of justice at court.

1. ”Passing off: Definition, Remedy and Defences” <<https://www.nibusinessinfo.co.uk/content/passing-definition-remedies-and-defences>> [↑](#footnote-ref-1)
2. https://www.mondaq.com/nigeria/trademark/704160/an-appraisal-of-passing-off-actions-under-nigerian-law [↑](#footnote-ref-2)