

AN INTRODUCTION TO THE LAW OF PASSING OFF

by
Arunachalam Kasi

© ARUNACHALAM KASI, 2013

1. INTRODUCTION TO PASSING OFF

- In principle, 'passing off' is:
 - a trader **selling his goods or services as that of another.**
- It is a **misrepresentation** as to the **origin** of goods or services.
- While the above is a description of the law of passing off in principle, its scope has been much widened gradually over time.
- It is a recognised **cause of action** in common law.

© ARUNACHALAM KASI, 2013

1. INTRODUCTION TO PASSING OFF

- It is **different** from cause of action statutorily recognised by the Trade Marks Act 1976 (“TMA”) in the case of registered trade marks.
- TMA section 82(2) expressly preserves the remedies available under common law of Passing Off
- Passing Off action is available concurrently with TMA action.
 - In the case of registered Trade Mark (“TM”), both TMA action and Passing Off action may be available.
 - In the case of unregistered TM, only Passing Off action may be available.

© ARUNACHALAM KASI, 2013

1. INTRODUCTION TO PASSING OFF

- The primary object of the law of passing off is:
 - to protect the goodwill that a trader has established with respect to his goods or services
- The secondary object of the law of passing off is:
 - that public should not be misled or deceived to buy one trader’s goods thinking they are another trader’s goods (note: however the deceived or misled public cannot take a passing off action, but only the aggrieved trader can take the action)

© ARUNACHALAM KASI, 2013

1. INTRODUCTION TO PASSING OFF

- *Reddaway v. Banham*
 - The plaintiff trader used camel hair to manufacture industrial belt as opposed to conventional use of leather to make such belt. He called it “Camel Hair Belting”. Over long use of the name, the industry associated “Camel Hair Belting” to the goods of plaintiff trader.
 - Subsequently defendant trader also manufactured belts from camel hair. He too called it “Camel Hair Belting”.
 - At the suit of the plaintiff trader, Court held that “Camel Hair Belting”, though descriptive, acquired a secondary meaning to refer to the plaintiff traders’ goods and accordingly the defendant trader passed off the plaintiff trader’s goods.

© ARUNACHALAM KASI, 2013

2. INGREDIENTS OF PASSING OFF

Reckitt & Coleman v. Borden (Lord Oliver)

1. **Goodwill** established by the claimant trader with respect to his goods or services that he alleges to have been passed off.
2. **Misrepresentation** made by the defendant trader as to the origin of his goods or services whereby his goods or services are associated with those of the claimant trader.
3. Resultant **damage** to the claimant trader

Facts and decision: plaintiff trader packed lemon juice packed in lemon-looking container. Plaintiff was the first to bring such packing in English market. Consumers associated the unique packing with the plaintiff trader. Subsequently defendant trader introduced similar packing. At the suit of the plaintiff trader, the Court held that the container acquired a secondary meaning to refer to the plaintiff traders, and accordingly the defendant trader passed off plaintiff’s goods.

© ARUNACHALAM KASI, 2013

3. GOODWILL

A. Introduction to Goodwill

- *Commissioners of Inland Revenue v. Muller*
 - goodwill is the attractive force that brings in custom
 - distinguished from mere reputation
- *Lam Soon v. Forward Supreme*
 - goodwill rests in the licensor
- *Sykt Wing Heong Meat v. Wing Heong Food*
 - goodwill passes with sale of business

© ARUNACHALAM KASI, 2013

3. GOODWILL

B. Goodwill acquired over time

- *Jordache v. Millennium*

P was registered proprietor of 'Jordache' brand for jeans. P prepared to launch Jordache jeans. Simultaneously D prepared to launch Jordane jeans. P sued D for passing off in common law and infringement of registered TM under TMA. D proposed to use so nearly resembling mark in course of trade with respect to same goods. It is infringement of TM under TMA. But it was not passing off in common law because P had not acquired any goodwill yet before launching the product.

- *Stannard v. Reay*

P (doing fish & chip business under name Mr. Chippy) obtained goodwill in three weeks because of the nature of business (mobile van business), boundary of territory (small island), the fact that P was the first one to introduce the concept in the island, and the fact that his business picked up substantially albeit short period operation.

- *Fletcher Challenge Ltd v. Fletcher Challenge Pty Ltd*

Three established financial institutions announced merger with the name "Fletcher Challenge". D registered his business the next day with similar name. P acquired goodwill by succession from the three predecessor financials (which was amalgamated into P) immediately upon press release of the new name. D's registration of the name was misrepresentation by false suggestion of association with P. D's activities can potentially cause damage to P's reputation and goodwill.

© ARUNACHALAM KASI, 2013

3. GOODWILL

C. Goodwill acquired through pre-launch advertisement

- *BBC v. Talbot*

P heavily advertised (pre-launch) Carfax brand car radio equipment. Now D prepared to launch Carfax auto spare parts. P had goodwill even before launching the real product / service, and hence was able to prevent D from launching its products under similar brand.

- *Electro Cad v. Mejati*

P heavily advertised (pre-launch) its Stopcard anti car theft device under brand. P launched product on 27th Nov. Then D launched its Stopcar anti car theft device under on 30th Nov. P had acquired goodwill with pre-launch advertisement already.

© ARUNACHALAM KASI, 2013

3. GOODWILL

D. Residual Goodwill

- *Poiret v. Jules*

P (a French dress maker) had sold his goods in exhibitions in England. P was popular in England. P discontinued his business in France during world war time. During this time D picked-up the name in England. After war, P returned to business and sought to restrain D from using the name. P had goodwill in England though no place of business in England. P still had residual goodwill, and hence P was able to restrain D.

- *Ad-Lib Club v. Granville*

P temporarily closed its successful club due to noise interruption in the location. While P was looking for another location, D picked-up the name. P still had residual goodwill and hence it was passing off for D to pick-up the name in the interim.

© ARUNACHALAM KASI, 2013

3. GOODWILL

E. Reputation

- *Athletes Foot v. Cobra Sports*
Spill over advertisement (through US magazine found in UK) creates a mere reputation only in the absence of customers from UK. This is so despite mere preparatory steps taken by P to launch its product in UK.
- *Maxim v. Dye*
French restaurant which had customers from England had goodwill in England, and hence was able to prevent another restaurant in England from using similar name
- *Sheraton Corporation v. Sheraton Motels*
P had hotels worldwide, but not in UK. P had travel agencies taking bookings in UK for P's hotels. This business connection in UK was sufficient to constitute goodwill in UK and so was able to prevent D from using similar name for D's hotels.
- *Campagne General v. Campagne General Sdn. Bhd.*
Singaporean P had joint venture projects in Malaysia. This business connection was sufficient to constitute goodwill in Malaysia.
- *Dun & Bradstreet Singapore v. Dun & Bradstreet Malaysia*
Singaporean P had rendered its credit information services to Malaysian customers. This was sufficient to constitute goodwill in Malaysia.

© ARUNACHALAM KASI, 2013

4. MISREPRESENTATION

A. General Memory Recollection Test

- *PT Inbisco v. Khee San*
P sold Kopiko candies (sold as loose candies). D then launched VC candies (also sold as loose candies). Though brands were different, the two candies had some similarities and dissimilarities. When seen side by side, it was clear that they were different products. But the test was imperfect general memory recollection (not side by side). All circumstances including price (few cents), type of customers (children / school children), point of sale (restaurants / petty shops) taken into account. D passed off.
- *M.I. & M Corporation v. A Mohd Ibrahim* (1964, FC Singapore)
P sold hibiscus brand cooking oil in tins with yellow background. D launched sunflower brand cooking oil in similar background tins. Test is not side by side, but general imperfect memory recollection. Taking into account all circumstances including customer-type (housewife/uneducated), point of sale (dark groceries), it was held to be passing off [and infringement of P's registered TM].
- *A. Clouet v. Maya*
P sold sardine under Ayam brand. D launched sardine under Botan brand but packed in similar background tin. D passed off [and infringed P's registered TM]. Arun: Are all circumstances sufficiently considered and is this a good precedent?

© ARUNACHALAM KASI, 2013

4. MISREPRESENTATION

B. Descriptive Words

i. No right in descriptive words unless it acquired secondary meaning referring to a particular trader's goods

▪ *F & N v. Yeo*

P sold F & N Sarsi. D launched Mirinda Sarsi. P had no right in the descriptive word / public juris Sarsi, which was in use even before P started to use it. P's distinguishing mark was only F & N. No confusion with D's drink marked with Mirinda. D did not pass off [or infringed P's registered TM].

▪ *Service Master v. MHL Service Master* (R K Nathan J)

P started air conditioner service business as Service Master in 1989. D (originating from Singapore) incorporated MHL Service Master doing health service trade. D was yet to commence trade. D registered TM. P sued D for passing off and to expunge P's registered TM for non-use. D counterclaimed that P should not use the name and that D had exclusive right over the name. P did not prove goodwill – being descriptive name, goodwill can only be acquired if the mark earned a secondary meaning through several years of extensive use (Reddaway v. Banham referred to). Even if P had goodwill, it was only in relation to air conditioner servicing. D did not make any misrepresentation by mere registration of (or change of name to) MHL Service Master (Arun: cf Fletcher Challenge). Presence of 'MHL' in any case avoided any confusion (if any). There was no possibility of damage as the parties were in different trade. P (being in different trade) was not an aggrieved person to apply to expunge D's TM. Aggrieved person is one who is prejudicially affected by the registration, i.e., he is damaged / injured if the TM is allowed to stand. P's case dismissed. D's counterclaim too dismissed.

© ARUNACHALAM KASI, 2013

4. MISREPRESENTATION

▪ *Office Cleaning Services Ltd v. Westminster Office Cleaning Association*

P was trading as Officer Cleaning Services Ltd since 1030. D dropped 'Westminster' in its name to become 'Office Cleaning Association' in its advertisements. P sued D for passing off. No evidence of fraudulent intention of part of D. Office Cleaning was a descriptive word. Court reluctant to interfere with use of descriptive words in the absence of fraud. Anyway the parties names ending with 'Services Ltd' and 'Association' respectively was sufficient to avoid any confusion. No passing off.

▪ *Reddaway v. Banham*

While industry used leather to manufacture belting, P started to use camel hair. P named it 'Camel Hair Belting'. Through long and extensive use, the descriptive words acquired a secondary meaning to refer to P. Then D launched its 'Camel Hair Belting'. D passed off.

Arun's observation: In the first three cases, there were some other words appearing as brand or otherwise to distinguish between P & D (F&N / Mirinda, MHL, Services Ltd / Associated). But in Reddaway, there was nothing other than the descriptive word to identify P's goods.

© ARUNACHALAM KASI, 2013

4. MISREPRESENTATION

ii. *Invented word or invented combination of words becoming descriptive words and hence public juris / generic*

▪ *Linoleum v. Nairn*

P invented a new floor cloth and named it Linoleum. P sold it as F Walton's Linoleum. P patented it. After expiry of patent, D launched M Nairn & Co's Linoleum. P sued D to prevent D from using Linoleum. Linoleum, though once invented by P, was a descriptive word. If not, D had no other word to describe it. P's brand was F Walton and not linoleum. No confusion between the two products as one is conspicuously branded F Walton and the other M Nairn & Co. No passing off.

▪ *McCain v. Country Fair*

P invented a new type of chips (chips that can be cooked in microwave or baked in grills) and named it Oven Chips and sold it as McCain Oven Chips. D then launched its Country Fair Oven Chips. P sued D to prevent D from using 'Oven Chips'. Though the combination of words was coined by P, it was merely a description of the product, in the absence of acquisition of secondary meaning. Within P's use for a year, the descriptive words did not acquire secondary meaning. The products were sufficiently distinguished with McCain and Country Fair respectively. D can rightfully use the descriptive words.

© ARUNACHALAM KASI, 2013

4. MISREPRESENTATION

▪ *Oze Marketing v. 21st Century Products*

P introduced Memo Plus (memory boosting drink). D then launched Memo Plus Gold. P sued D to prevent D from using Memo Plus. Memo Plus was a descriptive word. Not sufficient evidence to show it acquired a secondary meaning. P's application for injunction dismissed following McCain.

Arun: McCain can be distinguished. In McCain, the brand was McCain Oven Chips, a combination of the net brand name 'McCain' and the descriptive words 'Oven Chips'. Without the descriptive name, the product was sufficiently identified with the net brand name. This is in line with cases of F & N, Service Master, Office Cleaning and Linoleum. However in the instant case, once descriptive words were disqualified for protection, then there was nothing else left to identify the product, similarly as in Reddaway v. Banham. The Court did not take this position into account. It is questionable if the instant decision is a good law.

© ARUNACHALAM KASI, 2013

4. MISREPRESENTATION

- iii. *Descriptive word becoming Re-invented word and hence no longer public juris/generic*
 - *Yomeshu v. Sinma Medical*

P sold wine under a brand comprising three Kanji characters. P registered TM. P heavily advertised. D then launched wine under brand comprising the three Kanji characters with addition of two more characters denoting 'Chinese'. D too registered the TM without translation. The three Kanji characters were descriptive words for the wine 200 years ago, and it was lost from language then, and P re-invented it. Now the three characters was distinctive of P's goods. D's products caused confusion in the public. D was not entitled to section 40(1)(b) exception as D did not use it in good faith. D passed off and infringed D's TM.

© ARUNACHALAM KASI, 2013

4. MISREPRESENTATION

C. Concurrent Use

- *Evans v. Eradicure*

P was in wood treatment business as 'Eradicare' in one area. D too in was wood treatment business as 'Eradicare' in another area. Both were honest and did not know each other. P expanded towards east and D expanded towards west with the result of clash now. P sued D for passing off and applied for interlocutory injunction. Court refused to give interlocutory injunction as P failed to prove his likelihood of success at trial.

Arun: a good example where court refuses to interfere in cases of honest concurrent use. This is in line with section 20 of the TMA, which allows registration of confusing trade marks in the case of honest concurrent users.

- *Lord's Tailor v. Seow Sing Fon*

P (big-timer) was a famous tailor in KL known as 'Lord's Tailor'. D (small-timer) too was a famous tailor in KL also known as 'Lord's Tailor'. D must change name to avoid confusion.

Arun: Is this in line with *Evans v. Eradicure*? Is it in analogy with section 20 TMA? Does this represent the state of law?

© ARUNACHALAM KASI, 2013

4. MISREPRESENTATION

D. Use of own name

- *Parker Knoll v. Knoll International*

P was well known by 'Knoll'. D also used Knoll in the similar style of P. Any trade has a right to use its own name, but it cannot use it in the style of another trader. Injunction granted to prevent use by D of the name in the style of P.

Arun: this is in line with the defence in section 40(1)(a) TMA?

© ARUNACHALAM KASI, 2013

4. MISREPRESENTATION

E. Different Trade

- i. General Rule – No Passing Off*

- *Mun Loong v. Chai Tuck Kin*

P operated departmental store under name Mun Loong (a generic word meaning prosperity). D opened optical shop under same name. No misrepresentation causing confusion as parties were in different trade. No passing off.

- *Ayamas Convenience Store v. Ayamas*

P was registered owner of Ayamas for fresh meat products. D operated fast food chain under name Ayamas. P sued D for passing off [and infringement of registered TM]. No misrepresentation as parties were in different trade. No passing off. Also no infringement as the registration (fresh meat) and the alleged infringed goods (cooked chicken) were not the same [section 38(1)TMA].

© ARUNACHALAM KASI, 2013

4. MISREPRESENTATION

ii. Exception to General Rule – High Reputation Claimants

▪ *Herrods v. R Harrod*

P was well known banker, whose M & A prohibited money lending business. P advertised as House of Quality. D opened money lending business and advertised as House of Credit. D was fraudulent in choosing a similar name as that of P. Injunction granted in favour of P as a result of possible passing off by D due to very high reputation of P and possible confusion as to association.

▪ *Lego System v. Lego M Lemelstrich*

P was well known manufacturer of Lego brand construction toys in UK. D was also highly reputed garden sprinkling equipment manufacturer operating in many countries other than UK. When D wanted to launch its product in UK, P objected. It would be passing off for D to use similar name in UK, due to very high reputation of P in UK and possible confusion as to association.

© ARUNACHALAM KASI, 2013

4. MISREPRESENTATION

▪ *Legal & General Assurance v. Daniel* (Lord Denning)

P was a well known insurance company (130 years standing). D (a young trader) coincidentally selected a similar name for his investigation bureau. Legal & General is not a mere descriptive word, but a special combination identifying P. Injunction granted in favour of P as a result of possible passing off by D due to very high reputation of P and possible confusion as to association.

© ARUNACHALAM KASI, 2013

5. DAMAGE

JS Staedtler v. Lee

P was registered proprietor of TM (comprising yellow and black colour strips with Staedtler 120-2B) for pencil. D launched Nikki 120-2B pencil with similar (but not identical) colour combination. D's product compared with P's registered mark resembles P's mark in essential features (the colour stripes, not the brand names or 120-2B). Students buy this product and the value of the product is very small, so that the risk of confusion is higher. Accordingly it was an infringement (section 38(1) TMA). But it was not passing off as P failed to prove resultant damage. A mere drop in sales for P is not proof of resultant damage.

Sykt Zamani Tamin v. Yong Sze Fun

P was selling Tamin syrups. D then launched Tamin sauces. It is no defence for D to say P's mark not registered, as passing off action is preserved in TMA (section 82(2)). As parties were in same trade (food industry), likelihood of damage (widely interpreted) will be presumed.

© ARUNACHALAM KASI, 2013

5. DAMAGE

Petronas v. Khoo Nee Kiong

D was holding names implicating P in web domains. P had goodwill. D made misrepresentation as to association. Activity of D can cause potential damage to the reputation and goodwill of P. Injunction granted in favour of P, as a result of possible passing off by D.

Day v. Brownrigg

P's house (larger) was Ashford Lodge. D's house (smaller) was Ashford Villa. D changed its house name to Ashford Lodge. P sued D for passing off. No commercial activity, no damage. P's action was summarily struck-off.

Derek McCulloh v. Lewis A May

P was a famous ex-broadcaster in BBC for children programmes and was known as Uncle Mac. D coincidentally launched Uncle Mac cereals. P is not a trader and suffers no damage. No injunction.

© ARUNACHALAM KASI, 2013

4. EXAMPLES

A. Passing Off

- *Koh Chui Ngoh v. Majicboo*

P advertised and sold cosmetic product as "Eyeputti" since 1995. D imported similar product in similar get up (outer packing and inner packing). D's product had same brand, name, address and even barcode as that of P's product. Get up includes size, shape, colour. All these aspects of D's product resembled P's product. D passed off. Damages presumed because both products are in direct competition to each other.

- *William Edge v. William Niccolls* (House of Lords)

P (through its predecessors) sold laundry blue in a unique get up – the blue in a bag with handle and a stick, but without any brand name. Consumers associated the stick with P's product. P was selling this since 1884. P also registered patent in 1884, but was revoked seven years later in 1891. D launched laundry blue in 1896 in identical get up with the exception that D added D's brand name in the handle. Court found that the mere addition of brand name in the handle did not distinguish D's product. Revocation of patent irrelevant in passing off action. D passed off.

© ARUNACHALAM KASI, 2013

4. EXAMPLES

B. No Passing Off

- *Tong Guat Food v. Hoe Huat* (CA, Singapore)

P packed cashew nuts and almonds in aluminium foil pack. P was first to introduce this packing in the market. P had a colour scheme of blue and white divided by a downward arc. P branded it "Tong Garden". After 5 years, D too packed cashew nuts and almonds in aluminium foil with similar colour scheme and arc division. D branded it "DEER BRAND". Both the brand names were prominent on the respective packing. At the suit of P, the Court held that there was no passing off by D, because the P's product was identified by the brand name rather than packing. Despite similarity in packing, there was no confusion in the minds of the ordinary consumers taking ordinary caution, as the brand names were prominent. This is so in particular taking into account the literacy level of consumers in Singapore. P cannot claim, under the passing off law, proprietary right over certain type of packing that he introduced.

The Court also said that there was no loss resulting to P, since actually there was an increase in the sales volume of P's product. Arun: this may not sound well technically, because the increase in sale might be the result of some activity of P or of some other reason.

© ARUNACHALAM KASI, 2013

4. EXAMPLES

- *Nestle v. Asia Organisation (Sarawak)*

P had been selling condensed milk under brand name "Milkmaid" for 20 years. Milkmaid was very popular. The packing prominently contained the brand name, picture of a milkmaid lady with a pail on her head. D then launched "Liberty" brand condensed milk. The packing prominently contained the brand name, picture of liberty statue. Sarawak consumers did not have high literacy rate in English. Some retailers placed the two brands side by side. At the suit of P, the Court held that there was no misrepresentation by D.

The court further said that P did not plead D's intention to deceive, and hence P was not entitled to relief under passing off law. Arun: this is contrary to the established law of passing off. There is no requirement of fraud or intention to deceive to find relief under passing off law. Prior to development of passing off law, the only relief that an aggrieved trader could obtain was under law of deceit (*Blanchard v. Hill (1742) 2 Atk 484, 26 ER 692*). Hence there developed by early 19th century the passing off law as a separate branch of law, so that no longer 'deceit' element would be required.

© ARUNACHALAM KASI, 2013

4. EXAMPLES

- *Morning Star v. Express Newspaper*

P published daily news paper under brand name "Morning Star" in a small scale with a daily circulation of 21,000 copies. P's paper was in broadsheet format (large sized). D was preparing to launch a daily news paper under the brand name "Daily Star" in competition with major news paper publishers with circulation of one million copies daily. The format of P's paper was tabloid (small sized). At the application of P for injunction against D, the Court refused the same as no prima facie case of passing off was made out. The paper formats are different. The targeted customers are different. In any case, "Star" is a common descriptive name for news papers, and hence P did not own any proprietary right over it. The two brand names were sufficiently distinguished with "Morning" and "Daily". More so, the news paper readers would be sufficiently literate to appreciate the distinction.

© ARUNACHALAM KASI, 2013

4. EXAMPLES

- *McCurry Restaurant v. MacDonalds Corp.*
(CA, Gopal Sri Ram JCA)

P was a multi-outlet fast food operator. D was a single outlet Indian food operator. P and D were dissimilar in get up & style, menu, food type, customer type. No reasonable person would associate D with P. Accordingly, at the suit of P, the court held that there was no passing off by D.

© ARUNACHALAM KASI, 2013

5. LAW OF PASSING OFF EXPANDED (for future sessions)

- Class of Manufacturers (Goodwill)

Erven Warnink v. J Townend
Bollinger v. Costa
Scotch Whiskey Association v. Ewein Winery
Swiss Chocolate Association v. Cadbury
Swiss Chocolate Association v. Meastro

- Advertisement (Misrepresentation)

Cadbury v. Pub Squash
Delimac v. EMIC
Regent Decorators v. Regent Designs

© ARUNACHALAM KASI, 2013

5. LAW OF PASSING OFF EXPANDED (for future sessions)

- Quality (Misrepresentation)

Spalding v. Gamage

Colgate v. Markwell

York v. U-Re Auto

- Distributorship (Misrepresentation)

Sony v. Sarray

Kenwood v. Profile Specifications

- Reverse passing off / samples (Misrepresentation)

Bristol Conservatories Ltd v Conservatories Custom Build Ltd.

- Rights (Misrepresentation)

Samuelson v. Producers

© ARUNACHALAM KASI, 2013

THANK YOU

Arunachalam Kasi

© ARUNACHALAM KASI, 2013