

PASSING OFF

Nobody has the right to represent his goods and services as those of another. “Passing off” is the right to stop another selling goods or services “on the back” of an established business reputation. Passing off cases usually relate to the appearance, packaging, presentation of goods to customers. A passing off claim involves an application to court for an order restraining the activity and or seeking damages and other remedies.

The person against whom the claim is made has usually adopted the mark, sign or distinguishing feature or something confusingly similar to it, which the customer associates with the others goods or services. The basis of the claim lies in the confusion or potential confusion that arises in the minds of the public. The activity has to be commercial.

A trade mark does not need to be registered in order to make a passing off claim. However, it is necessary to threaten or take Court action in order to enforce the right.

A person making a claim that another is passing his goods or services must show that he has established goodwill and reputation in connection with the goods and services concerned. The goodwill and reputation must relate to some particular goods or services. The distinguishing features can be a logo style packaging, a shape, a colour, a name, a slogan. It does not have to be of any particular type.

The person against whom the claim is made must be shown to have misrepresented or attempted to take advantage of the claimant's business reputation. For example, a business may have established a particular packaging, colour or feel to its products by advertising and marketing. If another business designs similar packaging to take advantage of this, then it could be liable for passing off.

The mis-representation need not be deliberate. Passing off can happen entirely innocently. Once there is a risk that the customers might be confused, this is enough for the claim.

The prospect of loss or potential loss must to be shown by the claimant. Usually where the claimant and defendant are in the same area of business and goodwill and passing off has been shown, the court will accept that loss and damage has or may occur. The main types of loss are for profits and loss of reputation. A loss of reputation claim could be based on damage to goodwill based on an inferior product.

Commonly in passing off cases, an application is made for an injunction (i.e. a Court order) to stop the wrongdoing. Pre-trial injunction applications do not involve a full examination of the claim. They only consider the question whether one party would be damaged more if the injunction is not granted before a court hearing. Frequently an injunction is granted on short notice in anticipation of a full trial. In practice this might determine the matter as the case may not ultimately proceed to a full court hearing and the products may be withdrawn.

It is common in practice where new businesses enter a market to encounter a letter of claim by another party who alleges established goodwill in the area. Appropriate steps should be taken by examination of records such as internet sites, trade directories, trade-bodies websites to try to minimise risk of a passing off claim or allegation before monies are spent on a new brand.

This Guide is intended as an overview and broad outline of the matters covered in it. Its purpose is to inform and raise awareness. We are happy to offer specific legal advice on particular circumstances.

This Guide should not be relied on as a substitute for comprehensive legal advice with reference to the particular circumstances.

While we have taken due care in the preparation of this publication, we do not accept legal liability as a result of any reliance placed on anything in this Guide. The reader should rely only on specific legal or taxation advice.