

## Passing Off

### Three elements of action – *Reckitt & Colman v Borden* (“JIF Lemon” case)

- (1) P has goodwill or reputation
- (2) (i) D’s misrepresentation (ii) is likely to lead the public to believe that D’s goods or services are those of P, and
- (3) that causes damage or is likely to cause damage to P’s goodwill or reputation

### Element 1: Goodwill

#### (1) Definition: *Commissioners of Inland Revenue v Muller & Co’s Margarine Ltd* [1901]

- It is the reputation of the good name, reputation and connection of a business.
  - It is the attractive force which **brings in custom** [Distinction between **reputation** (getting known), and **goodwill** (habitual patronage or buying of goods; practice of frequently going to shop for making purchases or giving orders)]
  - It is the one thing which distinguishes an old-established business from a new business at its first start
- Goodwill must be attached to an ongoing business: *Tin Tin Yat Pao v Tin Tin Publication*
- *Star Industrial v Yap*: goodwill as local in character and divisible
    - HK Co. manufacturing toothbrush for export to Singapore; ceased for some time: Singaporean Co. sold toothbrush under the same name
- Mere preparation for trading NOT sufficient to generate goodwill: *Amway v Eurway*
- **BUT** intensive pre-launching advertising + Minimal activity: might be sufficient to generate goodwill: *Allen v Brown Watson*; *My Kinda Bones v Dr Pepper’s Stove*

#### (2) Collective or Shared Goodwill

- “Champagne”: *J Bollinger v Costa wine Co Ltd*
- ”Sherry” : *Vine Products Ltd v MacKenzie & Co Ltd*
- “Scotch whisky”: *John Walker v Ost*
- “Advocaat”: *Erven Warnink BV v J Townend & Sons* [Dutch liqueur made of spirit and eggs; D’s product as “Keeling’s Old English Advocaat”]
- “Swiss chocolate”: *Chocouisse Union v Cadbury* [D’s product as “Swiss chalet”; Held: Swiss chocolate only for chocolate made in Switzerland in accordance with Swiss food regulations]

#### (3) Foreign business with Int’l reputation: BUT NO local business activities

- (i) **Australia and NZ**: Int’l reputation *per se* sufficient to qualify for protection (see *Dominion v Budget* and *Conagra v McCainFood*)
- (ii) **Hong Kong**: See *Ten-ichi Co Ltd v Jancar Ltd*

→ P: owner of restaurant in Japan called “Ten-ichi”; featured in American TV programme; **BUT NO local business**

→ D opened restaurant with same name in HK: using the same logo

**Held:**

→ That P was so well-known and of high int’l reputation, such that copying and exploiting their name would lead to financial benefit

→ Alternatively:

i. Presence of Japanese people in HK as tourists or residents

ii. P’s intention to come to HK

iii. D deliberately used the same name written in same style

**NB: *Harbour Fit Industrial Ltd v Tan Kwai Garden***

→ P’s restaurants in Shenzhen; D used same name

**Held:**

→ NO need for business to be in a country for there to have reputation: *Ten-ichi*

→ Courts in Australia and NZ willing to protect goodwill in one country of a trader in the other, with customers, but NO physical presence in the first country

→ HK and Shenzhen as similar: ready, easy and regular flow of people between the two jurisdictions

**(iii) UK approach**

i. **Traditional:** NO protection under passing off if NO local goodwill, i.e. NO local business

→ *Alain Bernadin et Campagne v Pavilion Properties* (“Crazy Horse” case: salon in Paris with NO branch in England)

→ *Anheuser-Busch v Budejovicky Budvar* (“Budweiser” case: P’s goods ONLY available to US Air Force base)

ii. **Relaxed approach: *Pete Waterman Ltd v CBS***

→ P with nickname “Hit Factory” (given by public)

→ D tried to bring in studio from NY with the same name “Hit Factory”

**Held:**

→ The presence of customers in UK is sufficient to constitute the carrying on of business in UK whether or not there is otherwise a palce of business here and whether or not the services are provided here

**(4) Badges of Recognition**

(i) Get-up

→ *Reckitt & Coleman v Borden*

- P and D selling lemon juice, both using lemon-shaped plastic containers with label “JIF” or “ReaLemon”

**Held:**

- D liable as shape imitated sufficiently close [NOT done enough to avoid confusion with different name of product]

- Consider effect on average and less than prudent customer; circumstances of buying, nature of goods, buyer, colour, shape of container [Hugh price difference could be a factor for consideration]

➔ ***United Biscuits v Asda Stores***

- P's biscuits sold in "predominantly red packaging with a horizontal yellow band, featuring the word PENGUIN in black or dark blue capital lettering together with at least one picture of a penguin" ["PENGUIN" and picture registered as TMs]
- D's supermarket chain designed its own biscuit "Puffin": get-up was a red background with the word PUFFIN in black capital lettering and a cartoon depiction of a puffin

**Held:**

- Passing off successful: ***Reckitt & Coleman v Borden*** applied
- TM infringement dismissed: PUFFIN not similar to PENGUIN; pictorial mark NOT used for 5 years [modernisation of TMs] and thus revoked

**(ii) Trade names and Logos**

- Invented: e.g. "Exxon", "Golden arches" [of McDonald's] [**Must be distinctive**]
  - Existing: e.g. "Omega"
- NOT descriptive of nature or quality of goods/services: Easier to justify grant of monopoly to claimant because less likely that other traders would have legitimate reason to use the same mark
- E.g. of descriptive: "Office Cleaning" for office cleaning (***Office Cleaning Services v Westminster Window & General Cleaners Ltd***)
- ➔ **BUT descriptive marks protected if acquired "secondary meaning" over and above descriptive meaning**
- E.g. ***Reddaway v Banham***: use of "Camel Hair Belting" on belts made of camel hair for many years with large scale advertising and good turnover [people recognise as label rather than common phrase describing goods made of camel hair]
- ➔ **NB: BUT easy for others to avoid liability for passing off by altering name slightly:** e.g. ***Land Power v Inter-Land Properties***; and ***\$1.99 Private Ltd v Lifestyle 1.99 Private Ltd***

**(iii) Personal or Family Names**

- ***Parker Knoll v Knoll International***: A person could use his own name as TM, e.g. McDonald's; provided that use of name as honest
  - "Same name" defence for both TM (s.19(3)(a) TMO) and passing-off: ***Scandecor Development AB v Scandecor Marketing AB***
  - ***Asprey and Garrad Ltd v WRA***: own name defence NOT applicable to new companies as otherwise the route to piracy would be obvious

(iv) Fictional or Real Character

1. Character merchandising: Practice of promoting and marketing characters from films, cartoon, TV or other forms of entertainment media, in association with goods, e.g T-shirt, soft toys
2. “Personality rights”: Practice of famous individuals negotiating a fee for use of their persona in endorsing certain goods or services

**Element 2: Misrepresentation causing public confusion**

**(1) Forms**

- Need NOT be fraudulent: *Parker Knoll v Knoll International*
- Can take various forms, e.g. using identical or similar names or marks; imitation of get-up of goods; imitation of get-up of shop
  - o **BUT** see *Lau Wing Mou v Lo Kong*
    - P: dealer in tea leaves, dried seafood, ginseng
    - Interior layout, furniture and fittings, décor and signboard reconstructed according to certain conceptual designs commissioned from “feng shui” expert: ALL in red!!
    - D’s shop (close to P’s) used red transparent plastic fittings and red signboard: allegedly similar to P’s

**Held:**

- NO evidence of actual deception filed: Nothing distinctive as shops of this kind all in red [though theoretically, passing off possible if distinctive enough]
- Also cover use of similar promotional methods
  - o *Cadbury-Schwepps v Pub Squash*: Tort wide enough to cover NOT ONLY name or TM of product or business
  - o Also cover other distinctive material, e.g. slogan or visual images, which advertising could lead market to associate with P’s product provided that such material has become part of goodwill of the product
    - On facts “nostalgic theme” protected: “a great old squash like the pubs used to make”
  - o See also *Elida Gibbs v Colgate-Palmolive*: tree theme for toothpaste

**(2) Misrepresentation as to Commercial Connection**

- o *Associated Newspapers v Insert Media*: Ds [insert advertiser] arranged with retail newsagents to have Ds’ customers’ material inserted between pages of newspaper w/o publisher’s knowledge
  - Ps [publishers] successfully sought an injunction

**(3) Character Merchandising**

- o *Mirage Studios v Counter-feat Clothing* [“Teenage Mutant Ninja Turtles”]
  - P1: owners of © in drawings of characters in form of cartoon strips [NO manufacturing or marketing, merely licensing]

- P2: P1's worldwide licensing agents
- P3: P1's licensing agent in UK
- Ds made similar designed and licensed garment manufacturers to reproduce drawings on T-shirts

**Held:**

- D's misrepresentation: A substantial number of the buying public expected and knew that where a famous cartoon character was reproduced on goods, that reproduction was the result of a license granted by the owner of the © or owner of other rights in that customer
- Evidence that public connected the Turtles with Ps: Sufficient link between goods being sold and Ps to found a case in passing off

○ ***Lau Tak Wah Andy v Hang Seng Bank***

- P: singer and actor
- D launched promotional campaign of credit cards which core images of 10 popular entertainers including P
  - Photo's © in TVB: Agreement with D [P disputed extent of TVB's right in photos]
- P sued for passing off: public would be misled into believing the commercial arrangement had been concluded under which P agreed to the advertising of D's credit cards

**Held: Action dismissed**

- NO likelihood of deception as Joint Venture agreement between TVB and HSB: stated in promotional materials
- Also NO suggestion of endorsement by P as photos merely shown; customer could choose other photos
- **BUT see Pendleton's criticism of this case**

○ ***Irvine v Talksport Ltd***

- P: Famous UK Formula 1 racer
- D: Radio station with focus on sports
  - Got P's photo: changed with computer mobile phone in P's hand to D's radio

**Held: D liable for passing off**

**(4) Confusion to Public**

- Must be likely to deceive public: deception that moves public to buy D's goods or services thinking that they are P's
- BOP on P, e.g. use of survey: ***Imperial Group v Philip Morris***
  - For survey to be valid, interviewee must be selected by established ways that a relevant cross-section of public is interviewed
  - Survey must be of a sufficient size to produce relevant result viewed on statistical basis; must be conducted fairly
  - P must give D fullest possible disclosure: how many surveys were conducted; how surveys conducted; totality of number of persons involved; totality of answers; avoid leading questions in survey

### (5) Disclaimer of Connection with P

- *Associated Newspapers v Insert Media*
  - Ds wanted to insert customers' materials between pages of newspapers w/o publisher's knowledge and consent
  - P sued for injunction: **BUT D prepared to print on the inserts statements of disclaimer: "This material does not appear with the approval and/or knowledge of the publishers of the newspaper"**
- *Alan Clark v Associated Newspapers*
  - P (MP) and author: published "dairies" were successful
  - D's weekly column entitled "Alan Clark's Secret Political Diaries" and headed by P's photo, BUT NOT written by P; real author's name given below title

#### **Held:**

- Misrepresentation / False attribution could be express or implied: sufficient if there is a representation, which may be express or implied, as to authorship of work
- Look at work as a whole to decide whether representation of name of true author sufficient to ensure that a substantial body of readers would NOT be misled
  - Action for false attribution [as one of moral rights of author]
  - Passing off: Person's photo is put in such conspicuous place on the work that it would create the impression that he is the author
- Misrepresentation as a question for judge: might be assisted by expert evidence (which explained the special feature of the relevant market)

### **Element 3: Likelihood of Damage**

- Usually follow from 1<sup>st</sup> and 2<sup>nd</sup> elements
  - Actual damage NOT required
  - P have to be trading: BUT NOT necessarily profit-making, e.g. NGO, charitable organisations, professional bodies
  - P and D need NOT be in direct competition, i.e. NO common field
    - *Lego v Lego M Lemelstrich*
      - Held:** "Lego" has become a household name; possibility of expansion [D as manufacturer of plastic agricultural equipments]
    - *Stringfellow v McCain Foods*
    - *Associated Newspapers v Insert Media*
    - *Irvine v Talksport Ltd*: could be financial damages of loss of license fees