

# Intellectual Property Fact Sheet

## Passing Off

This fact sheet addresses some of the issues relating to passing off that are frequently encountered by our clients.

We cover the following issues:

Is there such a thing as an unregistered trade mark?

What is the legal test for passing off?

What do I need to show in practice to bring a passing off action?

When might passing off actions arise?

What should I do if I think I have a claim for passing off?

I have been accused of passing off – what should I do?

Should I apply to register a trade mark or can I rely on a claim for passing off?

### Is there such a thing as an unregistered trade mark?

From a legal point of view, there is no such thing as an unregistered trade mark. A trade mark is a “sign” used to differentiate goods or services originating from one source from those originating from another source. Trade marks must be registered at the Intellectual Property Office. For more information on trade marks, please refer to our [Trade Mark fact sheet](#).

However, the term “unregistered trade mark” is often used to refer to the intellectual property rights on which a party can rely to protect goodwill and reputation in its business. The legal cause of action under which these rights can be asserted and enforced is known as “passing off.” Passing off can occur in various situations, the most common is “classic” passing off, which is used to prevent third parties from selling or promoting goods and services under the pretence that they are someone else’s, i.e. to prevent them from “passing off” their goods and services as originating elsewhere.

### What is the legal test for passing off?

The legal framework for passing off actions has developed through case law, rather than being set out in a statute. There are three requirements for classic passing off:

1. **Goodwill** - there must be goodwill or reputation attached to the goods or services in question
2. **Misrepresentation** - there must be a misrepresentation to the public that leads or is likely to lead members of the public into believing that the goods or services offered by a third party are those of another entity.
3. **Damage** - damage has to be incurred (or be likely to be incurred) as a result of the misrepresentation.

Note: it is also possible for a claim to be brought in passing off where a business wrongly asserts that the goods and services offered by a third party are in fact its own. This is commonly known as reverse or inverse passing off.

### What do I need to show in practice to bring a passing off action?

You need to be able to evidence each of the three elements detailed above. In practice a lot of time and effort is spent in court:

1. Evidencing that the entity bringing the claim (the Claimant) is the owner of sufficient goodwill and reputation in the business. This often requires assessment of the relevant market, and evidence of the Claimant’s turnover and investment in promoting and marketing the goods or services.
2. Evidencing deception and/or confusion. This can take the form of evidence of actual deception on the part of the relevant market. Parties will also need to evidence the circumstances of the promotion and sale of both the Claimant’s and Defendant’s goods and services, as the judge will want to see the wrongdoing in question and draw his or her own conclusions about any similarities between the promotion and marketing activity of both entities.

### When might passing off actions arise?

The most common scenario is when a business imitates a competitor’s get up or trade dress of goods or packaging. A well-known example of this was the passing off claim brought by the owners of goodwill in Penguin biscuits who successfully sued Asda for selling “Puffin” biscuits in very similar packaging. It is also possible to pursue passing off actions against third parties for using similar business names (particularly where the name is novel as opposed to descriptive) or from the use of metatags and keyword advertising and domain names.

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The key point to note is that a passing off claim can arise if activities give rise to, or are likely to give rise to, a mistaken belief in the minds of third parties that there is an association between unconnected businesses. It is possible to refer to third parties without giving rise to potential claims, provided that it is made clear that there is no connection between the businesses. For example, it is possible for a party to state that its products are cheaper than a third party's without exposing itself to a claim for passing off (care should be taken however not to fall foul of other rules and regulations concerning comparative and misleading advertising and defamation).

### **What should I do if I think I have a claim for passing off?**

First of all make records of any infringing activity. Take dated screen shots of products for sale on-line and conduct recorded test purchases. Keep a note of any customer correspondence suggesting that they have been confused about the origin of the infringing goods.

Suitable disputes can be advanced through the specialist sections of the High Court. Where appropriate, parties can take advantage of the Intellectual Property and Enterprise Court (IPEC), which contains measures for cost capping and a shortened timeframe. This Court is often an attractive route for clients, particularly SMEs, as it allows them to assess their costs exposure at the outset of a dispute. For a more detailed note on this court, [click here](#).

In addition, if your claim is based on an infringing domain name or company name, you might consider whether to make use of the appropriate domain name dispute resolution policy, or make an application to the Company Names Tribunal. These methods can provide timely and cost effective routes to compel a third party to stop infringing activity (i.e. to transfer up a domain name or change its company name), although they are unlikely to be appropriate where you have a claim for damages.

### **I have been accused of passing off – what should I do?**

First of all, if you have received a letter, take note of any deadlines. Failure to respond within that deadline might lead to legal action being taken or, in a worst case scenario, a judgment being entered against you. We suggest that you take legal advice as soon as possible. Your lawyer will need to understand the allegedly infringing activities that you were undertaking, as well as any rights that you have in the products or services in question. They will need to consider whether there is any way to challenge the Claimant's alleged goodwill and reputation, and/or any way to push back on the alleged deception.

### **Should I apply to register a trade mark or can I rely on a claim for passing off?**

If your business uses a mark that is capable of registration, it is best practice to apply for that mark to be registered. Registration entitles you to a monopoly right to use that mark and trade mark infringement proceedings can be easier (and therefore quicker and cheaper) to run than passing off claims as they do not usually require evidence of goodwill and reputation. Having said that, passing off actions can, and often are, brought at the same time as trade mark infringement proceedings.

Debenhams Ottaway is a member of Marques - the European association representing the interests of brand owners.



If you have any questions relating to passing off law please contact one of our intellectual property law specialists. This fact sheet does not constitute legal advice and the information contained in it is correct as at June 2018. In reading this fact sheet you accept that no reliance may be placed upon it and accept that Debenhams Ottaway LLP excludes any liability arising from reliance upon it.

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