

The claimant needs to show that he is engaged in a business or commercial activity.

One instance when passing off was denied:

- **Kean v McGivan [1982]** - the claimant claimed the exclusive right to the name SOCIAL DEMOCRATIC PARTY. The CA refused relief on the basis that the claimant was involved in a non commercial activity. If the claimant had been one of the major political parties, which received and spent large sums of money, however, the Court might well have held that he was engaged in a trade

### **Distinguishing**

- **Burge v Haycock [2001]** - a lobbying organisation known as the 'Countryside Alliance' was granted injunctive relief to prevent the defendant, a former member of the right wing British National Party, from standing in parish council election under the banner of the Countryside Alliance. Distinguishing **Kean** on the basis that it was 'a decision on its particular facts', the CA said that the right to protect goodwill did not depend on the precise legal status of an entity (such as whether it was a charity or a political party) ; instead, all that mattered was they had established goodwill.

### **THE CLAIMANT MUST BE TRADING- BIRTH OF GOODWILL**

#### **The birth of goodwill**

- *Stannard v Reay* [1967] RPC 589
- *British Broadcasting Corporation v Talbot Motors Co Ltd* [1981] FSR 228
- *County Soundtracks v Ocean Sound plc* [1991] FSR 367

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#### **i. Pre-Trading Goodwill**

The traditional position is that before passing off can be brought, trading must actually have commenced.

- **Maxwell v Hogg (1867)** - pre-launch publicity of a magazine BELGRAVIA by Maxwell, no trading yet; Maxwell could not restrain Hogg from using the same name BELGRAVIA. This was because a declaration of intention to use a name did not secure any protection.

#### **In contrast:**

- **Allen v Brown Watson [1965]** - where there has been substantial pre- launch publicity, claimants have occasionally succeeded in gaining interim relief prior to the launch of their products. The publisher of a book entitled *My Life and Loves* by Frank Harris which had been widely advertised prior to publication, was granted an interim injunction against the defendant who proposed to publish a similar version also called *My Life and Loves* by Frank Harris.



### Shared Goodwill

"[T]he increasing recognition by Parliament of the need for more rigorous standards of commercial honesty is a factor which should not be overlooked by a judge confronted by the choice whether or not to extend by analogy...Where over a period of years there can be discerned a steady trend in legislation which reflects the view of successive Parliaments as to what the public interest demands in a particular field of law, development of the common law...ought to proceed upon a parallel rather than a diverging course."

*(Erven Warnink BV v J Townsend & Sons (Hull) Ltd [1980] RPC 31 (HL), per Lord Diplock)*

### Shared Goodwill

"As respects subsequent additions to the class, mere entry into the market would not give an right of action for passing off: the new entrant must have himself used the descriptive term long enough on the market in connection with his own goods and have traded successfully enough to have built up a goodwill for his business."

*(Erven Warnink BV v J Townsend & Sons (Hull) Ltd [1980] RPC 31 (HL), per Lord Diplock)*

### Shared Goodwill

"...[I]t is necessary to be able to identify with reasonable precision the members of the class of traders of whose products a particular word or name has become...distinctive...; but it is the reputation that that type of product itself has gained in the market by reason of its recognisable and distinctive qualities that has generated the relevant goodwill. So if one can define with reasonable precision the type of product that has acquired the reputation, one can identify the members of the class entitled to share in the goodwill as being all those traders who have supplied and still supply to the English market a product which possesses those recognisable and distinctive qualities."

*(Erven Warnink BV v J Townsend & Sons (Hull) Ltd [1980] RPC 31 (HL), per Lord Diplock)*

### Shared goodwill

See also *Chocosuisse Union des Fabricants Suisse de Chocolat v. Cadbury Limited* [1998] RPC 117 (Laddie J)

- “Swiss chocolate” having goodwill – having perceived distinctive quality (not just a descriptive term)
- Identifiable characteristics – made in Switzerland in accordance with Swiss regulations (didn’t matter that public didn’t know characteristics)
- [Misrepresentation]
- [Damage]
- Standing of Chocosuisse

### **Shared Goodwill**

*Chocosuisse Union des Fabricants Suisse de Chocolat v. Cadbury Limited*; [1999] RPC 826 (CA)

Laddie J upheld

Respondent’s argument that product defined in accordance with precise recipe accepted – that was the product they sold

*Diageo Inc v Intercontinental Brands Ltd* [2010] ETMR 17 (Arnold J); [2010] EWCA Civ 920 (CA)

Annex I



### ***Diageo Inc v Intercontinental Brands Ltd* (High Court)**

- Vodka defined under EU Regulation
- Consumers considering “vodka” to be a particular product - clear, tasteless, distilled, high-strength spirit
- Defendant’s product marketed in a way that had deceived / was likely to deceive a substantial number of consumers
- Erosion of distinctiveness of product

### ***Diageo Inc v Intercontinental Brands Ltd* (Court of Appeal)**

Action for “extended passing off” not restricted to products perceived by the relevant public as being of superior quality (as having “cachet”)

reproduction of their image. Rihanna had to show goodwill, misrepresentation and damage. The main issue was whether, in selling the Tshirt with the picture of Rihanna on it, Topshop had made a misrepresentation about trade origin. The court found that a substantial number of customers who bought the Tshirt would have thought that it was an 'authorized product ...approved by Rihanna herself.'



## ii. Character Merchandising

Involves the application of images of cartoon and other fictional characters to merchandise.

UK applies the Australian approach here.

- **Mirage Studios v Counter-Feat Clothing [1991]** - the D were found liable for passing off when they applied the claimant's character, the Teenage Ninja Mutant Turtles, to their clothing.  
*'a substantial number of the buying public now expect, and knows that where a famous cartoon or TV character is reproduced on goods, that reproduction is the result of a licence granted by the owner of the CR or owner of other rights in the character'*

The sale of the merchandise involved 2 misrepresentations:

1. A misrepresentation to the public that the goods were 'genuine' (that the drawings were the C's drawings)
2. A misrepresentation that the goods were licenced.

The claimant must show that the public understood that the goods were licensed and that they bought the merchandise on that basis!

- **BBC Worldwide v Pally Screen Printing [1998]** - the BBC owned CR and merchandising rights to the popular children's characters known as the Teletubbies. Ds printed pictures of the Teletubbies on various items such as Tshirts.
- 'The plaintiffs need to show that they have built up the necessary reputation so that members of the public would look at this type of artwork and consider it to represent the plaintiffs or products made with the plaintiff's approval. It seems to me that this is quite possible that members of the public will look at Tshirts bearing this artwork and think no more that it is artwork bearing illustrations of well known TV characters without having any regard whatsoever to the