

## **Passing off (商譽假冒)**

### **Introduction (序言)**

Passing off is a common law tort to enable businesses to protect their goodwill. A civil action can be brought in court against a defendant as a result of the misrepresentation (失实陈述) made by the defendant trader that his goods and/or services and/or businesses were closely connected to that of the plaintiff and accordingly the defendant benefited from the plaintiff's goodwill.

### **Legal Elements (法律元素)**

The landmark case of Jif Lemon (*Reckitt & Colman Products Ltd v the Borden* [1990] RPC 341, [1990] 1 All ER 873) established the legal elements required to be successful in bringing a passing off action namely:

1. The plaintiff must have established a goodwill (商譽) or reputation (聲譽) in a business in supplying goods and/or services, which it is distinguished by its name or a mark for which is known to the public;
2. The plaintiff must demonstrate a misrepresentation by the defendant leading or likely to lead the public to believe the goods and/or services offered by the defendant are goods of the plaintiff; and
3. The plaintiff must demonstrate that he has suffered damage, or is likely to suffer damage to its goodwill caused by the misrepresentation

To be successful in a passing off action, the burden of proof is on the plaintiff to show the presence of each of the elements detailed above, namely, goodwill, misrepresentation and damage. The loss need not be just financial. There can be loss to merely the goodwill even before the plaintiff's business has started marketing and publicity and similarly damage to goodwill (商譽) can be argued even if the plaintiff's business is no longer trading.

The court is required to decide whether or not there is any similarity in the marks, goods or services. The criteria used can be aural, visual and conceptual similarity. With regards to the element of damage to goodwill, if the plaintiff has lost some of its business to the defendant due to its similarity, the court may be able to use this as an indication that passing off has occurred. The damage should however be reasonably foreseeable based on all circumstances.

If the court is satisfied that a passing off action has been proven, an injunction order (禁制令) may be granted to restrain the act being complained of and the defendant may be ordered to pay damages to the plaintiff for the loss or damage suffered.

### **Defences (免责辩护)**

There are a number of Defences to a passing off action; the defendant's intention is irrelevant as it is akin to strict liability. Some are detailed below:

1. The Plaintiff's mark/slogan is not distinctive and is merely descriptive so the use of the mark will not cause misrepresentation e.g. relating to any characteristics of goods or services (including quality, quantity, intended purpose, value and geographical origin);
2. The mark/slogan has ceased to be distinctive and has become generic (通用) to the public so the use of the mark will not cause misrepresentation;
3. The Defendant is merely innocently using his or her name as long as the use is in accordance with honest practices in industrial or commercial matters;
4. The Plaintiff has given permission to use the mark/slogan; and
5. The plaintiff has abandoned the mark and is therefore available for the defendant to use.

In order to establish a successful passing off action, previous case law has shown that relying upon one of the Defences above would not be sufficient. A party would be unable to rely upon one of these points alone and would have to be considered on an individual basis of all circumstances directly related to the facts of the case.

### **Remedies (补救方法)**

There are several remedies available to the plaintiff, which include:

1. An injunction: where the court prohibits the defendant from selling the goods;
2. Damages or an account of the defendant's profits: to detail the monetary value of the loss; and
3. An order for delivery up or destruction of the infringing goods

The appropriate remedy would depend on a case by case basis, depending on the facts of the case.

### Examples (例子)

The problem that Hong Kong is currently facing and is highlighted in the cases of Re USA Exxon Mobil Oil Ltd [2014] HKEC 80 and re Power Dekor (HK) Ltd [2014] HKEC 42: where 'shadow companies' are being registered in Hong Kong in order to pass themselves off as the actual company.

The shadow companies are using identical or similar corporate names of those from a reputable company. The company officers do not live inside the jurisdiction and use incorporation documents in Hong Kong to pass off the shadow company's service as that of the real company. In both cases, the High Court ordered the shadow companies to change their name.

The judge concluded by stating that (*re Power Dekor*, para.6):

*"It seems that greater scrutiny needs to be employed in the approval process to ensure that a company name will not be accepted for registration if it is the same or very similar as a name appearing in the Registrar's index of company names".*

*Nothing shall constitute advice to any person by Messrs. Maurice WM Lee Solicitors (Tel: (852) 2537 5833) (Website: [www.wmleehk.com](http://www.wmleehk.com))*

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