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protect your name and your "get-
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Registered trademark, is not a statutory right. Instead, it is an action that has been brought as a “tort” — defined as a wrongful act. This gives the action an inherent complexity. This guide is designed to help you understand what to expect and what to look out for as a party.

“classic trinity”. These are:

- representation.

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and connection of a business. It is

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such can be transferred like any intestacy, or by operation of the

2.1.1 Goodwill in Names, Logos,

The focus of goodwill is often a name, packaging, advertising style, trade dress, etc. A trader can protect the overall goodwill of a business, even if it uses another's name in such a way as to cause confusion and diverted custom, this is not. Indeed it is not even necessary to prove that the trader is giving the misleading impression that it is the same (for example, as a branch or division of the original business).

Goodwill can be acquired even in a secondary meaning before the courts will recognise it as a high barrier to pass, and with goodwill it is not for anyone to use from being motivated to do so. It can happen, with distinctive names becoming generic (e.g. *Linoleum* recently?)

If your packaging, trade dress, or other distinctive features acquire goodwill in it. If it can be shown that this way, the courts may accept that the trader has goodwill. *Jif Lemon*. Often it will be the case that the trader's logo on the product. This will not be sufficient, however. The infringer need not copy the whole or part or parts that have been copied. It is enough to copy the product with the aggrieved trader. In the case for passing off will likely be successful if the original, however, the ingredients are misrepresented (misrepresentation) may not be present.

As for advertising style, while we have seen that it can subsist, it is important to note that it is not enough to demonstrate that the public associates the style with a trader. Certainly we would expect that to be the case in this regard than, say, *Virgin* or *Apple*. It is not enough to demonstrate sufficient goodwill.

2.1.2 Building Up Goodwill

In order to build up goodwill, one must trade. The definition of trader, however, is very wide. Thus, authors, performers, etc. are all examples of "traders" from a passing off perspective.

Generally speaking, goodwill will only be built up once trading has begun; however, there may be some situations in which it can be built up before trading begins. In most instances, however, this effect will only be achieved once trading begins.

Goodwill may also remain for some time after trading ceases, but it will decline when trading ceases, therefore, the greater the extent of trading, the longer goodwill will last. There may be some future point. This is particularly true where a business changes hands or closes temporarily for some reason.

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er, relate to many things such as a trade mark, then, passing off in individual marks. If one trader deceives the public, thus causing confusion and basis for a passing off action. Another business entirely — even one way connected with the other — may succeed in a passing off action to succeed.

er the term must have acquired a secondary meaning. A trader has goodwill in it. This is thus a common term that should be free for all traders. The opposite may also be true. If you used your *Hoover* to clean the

distinctive it may be possible to recognise your goods or services in the market.

A prime example is the famous case of *Trade Dress*. A trader puts their own name and/or logo on the product. A successful passing off action, even if the trader is not in its entirety provided that the public is able to associate the original with the trader. The stronger the similarity, the stronger the case. It appears to draw inspiration from the original (particularly in a passing off action (particularly in a passing off action)).

of things in which goodwill may subsist. It is not enough to demonstrate that in practice it will be difficult to demonstrate that the public associates the style with a particular trader. Certainly we would expect that to be the case in this regard than, say, *Virgin* or *Apple*. It is not enough to demonstrate sufficient goodwill.

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A related issue is that of residual goodwill. If a business decides to rebrand either itself, its products and/or its services, a dispute it will be for the court to decide whether that business has (as described above) the attractive force of the mark. Goodwill will not disappear immediately, but it is reasonably safe to say that in the absence of the ongoing use of a particular mark or an intention to use it, a trader will not be entitled to protect that mark indefinitely.

2.1.3 Location, Location, Location

While a trade mark applies throughout the country regardless of the locale of a trader, it is not always the case with goodwill in passing off actions. Some businesses have nationwide goodwill. Businesses that their goodwill is more confined to particular locales, however, may find that their goodwill is more confined to a particular name in Plymouth may have a reputation and goodwill in the local area, but that would be unlikely to prevent another trader from using the same name in Nottingham. The rule applies only in the context of passing off.

It should also be noted that the geographical reach of the goodwill is of primary importance — it is the reach of the goodwill that is more important. If the aforementioned business has a reputation throughout the UK, it would argue that its goodwill extends to a broader geographical area extending across the country.

The geographically limited nature of goodwill enables traders to use names more freely than they could if registering a business name as a trademark were desired.

2.1.4 Ownership of Goodwill

Goodwill will often be owned by a group of businesses. You may, for example, share goodwill. Shared goodwill may, for example, be the reputation of a product that multiple businesses have in common. The businesses normally own the goodwill in common. Note that these are general rules only and that, in the event of a dispute, the court will be assessed individually on the facts.

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Who owns the goodwill (generally

- **Employer / Employee:** Generally, the employer owns the goodwill of the business as a whole, not individual employees that will own goodwill.
- **Manufacturer / Trader:** Generally, the manufacturer or trader owns the goodwill (unless, for example, the goods are sold out as the sole source of the goods);
- **Foreign Business / Local Reputation:** Generally, the foreign business owns the goodwill who customers recognise as being the source of the goods or services;
- **Writer / Publisher:** Generally, the writer or publisher owns the goodwill. The publisher or employer will be the owner of the goodwill.

business as a whole, not individual

trader that accumulates and owns the goodwill, held out as the sole source of the

speaking, this will depend upon the products or services;

the publisher or employer will be

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Clarity and forward-planning are vital in business. Confusion can arise in situations where the owner has multiple subsidiaries, agents, distributors or franchisees. In such situations the ownership of goodwill should be clearly defined using, for example, an express term in the contract.

shared goodwill. Complications can arise, for example, situations involving multiple owners. It is important to ensure that in such situations the ownership of goodwill is clearly defined at the beginning of a business relationship.

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In the absence of express provision, the ownership of goodwill in the event of a conflict.

- Whether the products or services are of a particular, identifiable trader;
- Who the public perceives to be the source of the products or services;
- Who the public would blame if the products or services were flawed;
- Who is actually responsible for the products or services; and
- The support that a particular trader can give to the question.

to determine the ownership of goodwill, the following factors should be taken into account include:

the strength of the reputation of a

character, attributes or quality of the

were flawed;

ness or quality of the products or

on that they own the goodwill in

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Shared goodwill can also take the form of 'collective goodwill', common in situations where multiple traders share a particular mark to denote their reputation. For example, *Champagne* and *Swiss Chocolate*. In such cases, care should be taken to avoid making false claims. Using the *Champagne* example, a trader based in Devon would not be permitted to call their product "West Devon Champagne" from the Champagne region of France.

goodwill". Collective goodwill is shared by a particular class, all of whom use a common mark. Popular examples include 'Champagne' and 'Swiss Chocolate'. In fact a member of a class, great care should be taken to ensure that they are. To further illustrate, a trader based in Devon would not be permitted to call their product "West Devon Champagne". Only producers of sparkling wine from the Champagne region of France can use the word "Champagne".

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Goodwill, then, is a valuable business asset, but it is not without limits and should be protected. Actual trading is needed both to create goodwill and in cases where it is to be shared with other businesses, just to establish the parameters of that ownership.

is a piece of tangible property — and accordingly. As a general rule, goodwill is not a piece of property, care should be taken to

2.2 Misrepresentation

This, the second requirement for a passing off claim, is the misrepresentation of the source of products or services.

misrepresentation, at one time only referred to false representations regarding the quality

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of products or services or regarding the context of passing off. Nevertheless, misrepresentation remains perhaps the most relevant

Examples of misrepresentation include:

- **Classic Source Misrepresentation:** a trader is the source of products or services.
- **Quality:** particularly relevant in situations where products may be manufactured in different locations — relevant in situations such as those involving food — manufacturing goods using different processes but still using the name or mark of the original manufacturer.
- **Control:** this may occur when a trader suggests that they have some kind of control or responsibility over the quality of another's products or services, even though they do not.

Misrepresentations may be obvious or subtle. In some cases they may not be obvious at all. Misrepresentation may be by express or implied statement of their products or services that are similar to those of another trader.

Misrepresentation doesn't always mean that a trader is misrepresenting their own products or services as being those of another trader. It can also entail the reverse: one party misrepresenting someone else's products or services as their own.

2.2.1 Does Misrepresentation Have to be Intentional?

No. It is important to note that a misrepresentation can be perfectly innocent but still be the basis of a passing off action. True statements can constitute misrepresentations; even if they are true.

It is the consequences of a trader's actions that matter. Great care, then, is required when a trader makes a statement that it does not (whether mistakenly or deliberately). Practical steps may be taken to avoid confusion. For example, if your name is "Jones" and you wish to open a hardware shop in the same town as a well-established business "Jones Hardware", it may be prudent to first discuss your plans with the proprietors of the previously established business. Of course, this is not always possible, but it may be the case that certain parameters need to be considered.

2.2.2 Does There Need To Be A Connection Between The Two Businesses?

While in many passing off cases there is a clear connection between the two businesses, it is not a requirement for a successful passing off claim. The further apart the sectors of the trade, the less likely it is that the public will be confused (or be likely to be confused). For example, a greengrocer and a bookstore vs. a greengrocer and a hardware shop. It is likely that the public will be confused if there is a connection between two businesses.

traders are also important in the context of passing off, as it is commonly known, misrepresentation remains perhaps the most relevant

public into believing that another trader is the source of products or services. Note, however, that the mere suggestion of a connection may not amount to passing off — it must be such that it appears that one party is responsible for the quality of another's products or services.

scenarios where seemingly identical products are sold in different foreign markets. This can also be relevant in the context of collective goodwill, where a trader uses marks with which they are associated by another.

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This may not, however, be the case. It may show a tendency to diversify a lot. Any products or services bearing the name of the brand will indeed be from the same company.

2.2.3 The Effect Of Misrepresentation

At the heart of misrepresentation is the fact that they likely to confuse, the public or the private. That the “public” refers not to every individual but to the public. In the case of source misrepresentation, the aggrieved trader. Simply put, the trader is not the products or services in question. In the case of source misrepresentation — for example when dealing with a trader who may care a lot less — when pure source misrepresentation. This will have a direct bearing on the trader.

2.2.4 Evidence

Evidence of confusion is not a red flag, however, that it isn't useful. In the end, either way, there is a likelihood of confusion. The basis of evidence introduced by the plaintiff is evidence of actual confusion may be one thing, a lack of presentable evidence may simply be that customers were not

2.2.5 Timing

Timing is important when considering misrepresentation must take place before similarity between two products or services has been opened, a successful action

Some speculate that there may be is visible long after purchase (such purchase.

The confusion must also be more than momentary. The customer will realise their mistake as soon as the misrepresentation will likely not have any effect (for example, in the case of a free trial offer). The confusion with reference to the damage will also be more than momentary if it is quickly dispelled.

brands — particularly those which
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 some other attribute associated

trader's actions confused, or are. First of all, it is important to note that the *relevant* public will be the customers of the average consumer will be for the public may be quite discerning of services — but in others, they may be confused by the supermarket, for example. The public are to be confused.

off action. This does not mean, however, that it is for the court to decide whether or not the courts often do so on the merits. On the flip-side, a lack of evidence won't necessarily be fatal. For example, there isn't any out there — it may

on. Generally speaking, the
If, for example, the confusing
st-purchase, once the packaging
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that where a manufacturer's label
the time to focus on is that after

sequential. In other words, if the decision to purchase, the requisite also not be a point of sale per se. If case confusion may be assessed. If confusion lasts, there may be

2.2.6 Assessing Misrepresentation

The following points will help to consider deceptive (and thus passing off) action:

- **Distinctiveness:** More distinctive in different fields; less distinctive enough to avoid passing off.
- **Similarity:** Imperfect recollection; opportunity to compare names or marks as a whole and focus is largely the same (for example, the part on which the public are likely to focus).
- **Fields of Business:** The closer the fields, the more likely.
- **Location:** Given that, as noted above, goodwill is geographically limited, it follows that there can be no action if the activity in question takes place in a different area.
- **The Nature of the Market:** Also, if the nature of the products or services is such that customers are highly discerning, small differences may be sufficient to avoid confusion. Conversely, in markets where purchasing decisions are based on small details, such as appearance, small differences may not be enough.
- **Intention:** Although it has been said that intent is not relevant, it can still be helpful if in a dispute the defendant did intend to deliberately mislead.
- **Disclaimers:** Disclaimers can be used to correct a misunderstanding but they must be noticeable (as noted above). The disclaimer must also normally be given before the misrepresentation otherwise it is to be considered ineffective.
- **Parody:** On a related point to confusion, if the use of a name, mark or similar is intended to be parody or satire, it may be possible to avoid confusion. Great care must be taken to ensure that the comedic effect is too strong to be successful.

Misrepresentation is likely to be considered deceptive (and thus passing off action):

Even if the mark is used in different fields, the similarity between marks or fields may be enough to avoid passing off.

Customers may not have the opportunity to compare names or marks as a whole and focus is largely the same (if any) is different. If the main message given is the same, that is likely to be sufficient for purchasing decisions.

Fields of Business, but note the comments above.

Goodwill is geographically limited, it follows that there can be no action if the activity in question takes place in a different area.

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2.2.7 Descriptive Words - A Warning

Great care is advised when dealing with descriptive words. To keep these open for use by everyone, the law aims to avoid using generic terms when choosing a trademark. Using the action for passing off. To avoid this, traders need to jump a high hurdle to show that the public now associate that word with them and nobody else.

As a general policy, the law aims to avoid using descriptive or generic terms. It is difficult to protect that name later on and to bring a passing off action when using such words, to show that the public now associate that word with them is likely to be very hard to demonstrate.

2.3 Damage

The third element of a successful claim is damage. Ultimately, of course, the aggrieved trader must be harmed. There are, however, a number of common forms which follow.

Loss of Trade and Profits

The most common type of damage is loss of trade and profits where both traders are dealing in similar goods or services of business.

Loss of Potential Trade and Profits

This type of damage may also be the result of a claim if a trader intends to expand into a new market in the future and another trader moves in to take that market.

Loss of Licensing Revenues

Extending from the previous type of damage, where the offending trader's conduct undermines the trader's name or mark, thus resulting in the loss of licensing revenues.

Damage to Reputation

In cases where one trader misrepresents the goods of another, not only will the aggrieved trader's reputation will be damaged. In cases where a trader sells the goods of another trader and misrepresents them as being of superior quality (and thus their goodwill) could be damaged. Products of a higher quality and value than those received.

Dilution

This type of damage takes a similar form to misrepresentation results in a trade name or mark's ability to distinguish itself being undermined. Dilution may also be relevant, for example, where a group of traders use a name in such a way that it essentially overcomes the distinctiveness of the name.

3 Practicalities and Conclusions

The common law tort of passing off protects business names, logos, trade dress and other identifiers. It ensures that those who do not register their identifiers are not left without protection. Traders and partnerships in particular should be aware of names that would be difficult (if not impossible) to register based on personal names or geographical locations.

Whether you are seeking to put a claim against someone or being found guilty of passing off your own goods or services — is care and due diligence in the market ensures that you will be less likely to be involved in a dispute.

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be divided into a variety of types. The most common is where a trader alleges that their goodwill has been damaged by the actions of another trader. This may happen. The most common forms of damage are:

Loss of Trade and Profits: This is likely only to occur in situations where two traders deal in similar goods and/or operate in similar fields.

Loss of Potential Trade and Profits: This is a chance to expand. It may apply where a trader moves into a new location or field of business in the future and another trader moves in to take that market.

Loss of Licensing Revenues: This applies in situations where the trader's ability to licence their own name or mark is undermined, thus resulting in the loss of licensing revenues.

Damage to Reputation: This is where inferior goods are in fact those of another trader, but they may also allege that the trader's reputation is damaged. This can also be relevant in situations where a trader sells the goods of another trader and misrepresents them as being of superior quality. In this scenario, the supplier's reputation could be damaged. Products of a higher quality and value than those received would be expecting to receive products of a higher quality and value than those actually received.

Dilution: This is where a trader's name or mark is used in a way that it essentially overcomes the distinctiveness of the name and may be relevant where a trader's name or mark is used in a way that is familiar or commonplace. As a result, the name or mark's ability to distinguish itself is undermined. Dilution may also be relevant, for example, where a group of traders use a name in such a way that it essentially overcomes the distinctiveness of the name.

Practicalities and Conclusions: The common law tort of passing off is a useful tool for the protection of business names, logos, trade dress and other identifiers. It can be particularly useful as it ensures that those who do not register their identifiers are not left without protection. Traders and partnerships in particular should be aware of names that would be difficult (if not impossible) to register based on personal names or geographical locations.

Whether you are seeking to put a claim against someone or being found guilty of passing off your own goods or services — is care and due diligence in the market ensures that you will be less likely to be involved in a dispute.

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ough passing off is not strictly IP (for purposes here), it should be avoided by resorting to legal action. Neither a substantial investment of time and money nor the sending of a cease and desist letter on notice that you are aware of the situation where the passing off in question should go no further. In situations where it might be desirable.

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