



# Passing off by equivalence

How far can you push the court over "passing off by equivalence" following the spate of recent cases, supported by real-life examples of what will and won't work?

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# The tort of passing off

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*"A man is not to sell his own goods under the pretence that they are the goods of another man"*

*(Perry v Truefitt (1842) 5 Beav. 66 at 73).*

Classic passing off - Lord Oliver in the *Jif Lemon* case  
(*Reckitt & Colman Products Ltd v Borden Inc [1990] UKHL 12*)

1. A goodwill [or reputation];
2. A misrepresentation by the defendant to the public;
3. Damage to the claimant.

# The tort of passing off: goodwill

- “The benefit and advantage of the good name, reputation, and connection of a business. It is the attractive force which brings in custom” - *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 at [223]-[224]
- For passing off action goodwill is required, and mere reputation does not suffice - *Starbucks (UK) Ltd v British Sky Broadcasting Group plc* [2015] UKSC 31, [2015] 1 WLR 2628

# The tort of passing off: misrep

- Misrepresentation is a question of degree – a mere wonder is not enough.
- “Once the position strays into misleading a substantial number of people (going from ‘I wonder if there is a connection’ to ‘I **assume there is a connection**’) there will be passing off, whether the use is as a business name or a trade mark on goods” – Arnold J in *Reed Executive Plc v Reed Business Information Ltd* [2004] R.P.C. 40 at [111]
- It was not necessary for the misrepresentation to be deliberate, but the intentions of the defendant may have evidential relevance – Arnold J in *Glaxo Wellcome UK Ltd v Sandoz Ltd* [2019] EWHC 2545 (Ch) at [182-183]
- “It is important to distinguish between a defendant who takes a **conscious decision to live dangerously** and one who intends to cause deception and deliberately seeks to take the benefit of another trader’s goodwill” - Kitchin LJ in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24, [2012] FSR 19 at [115]
- In order to amount to actionable passing off, any misrepresentation must be **material**, so as to cause damage to the claimant’s goodwill – Arnold LJ in *Glaxo Wellcome UK Ltd v Sandoz Ltd* [2019] EWHC 2545 (Ch) at [274]

# The tort of passing off: damage

- The claimant must show that the misrepresentation by the defendant caused damage to their identifiable goodwill.
- “*Damage to reputation without damage to goodwill is not sufficient to support an action for passing off*” – Millet LJ in *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697 at [718])
- Even if there is little evidence of misrepresentation (as opposed to mere confusion), it is open to the judge to infer a likelihood of damage from all the circumstances - *Woolley and another v Ultimate Products and another* [2012] EWCA Civ 1038



# Extended passing off



Lord Diplock in the *Advocaat* case (*Warninck (Erven) Besloten Veenootschap v J Townend & Sons (Hull) Ltd* [1980] RPC 31):

- A misrepresentation;
- Made by a trader in the course of trade;
- To prospective customers or ultimate consumers;
- Which is calculated to injure the business or goodwill;
- Which causes actual damage to a business or goodwill.



# Extended passing off

Lord Fraser :

- A business selling a class of goods in which the particular trade name applied;
- The class of goods is clearly defined, the trade name or get up clearly distinguishes from other similar goods;
- Goodwill attaches to the name or get up because of the reputation of the goods;
- Claimant a member of the class of traders selling these goods, and as a result owns valuable goodwill;
- Defendant selling goods which falsely linked to trade name;
- Which causes actual damage to the claimant's goodwill.



# Passing off by equivalence

- Passing off in the context of misrepresentation as to equivalence between goods or their prices, rather than misrepresentation as to the origin of goods.
- Passing off is not confined to misrepresentation as to trade origin, and might extend to misrepresentation as to equivalence - *Glaxo Wellcome UK Ltd v Sandoz Ltd [2019] EWHC 2545 (Ch)* at [174-181] followed by Smith J in *Lidl & another v Tesco & another [2023] EWHC 873 (Ch)*
- Confusion as to equivalence is less likely to come to light than confusion as to trade origin – *Glaxo Wellcome UK Ltd v Sandoz Ltd [2019] EWHC 2545 (Ch)* at [289]





# *Glaxo Wellcome UK Ltd v Sandoz Ltd [2019] EWHC 2545 (Ch)*

- Two claims for passing off: (i) that the get-up of the Sandoz's inhaler makes a misrepresentation as to trade origin; (ii) that the get-up of the Sandoz's inhaler makes a misrepresentation as to equivalence with the Glaxo's inhaler.
- For the purposes of the second claim, Glaxo must show that the colour was distinctive of the relevant characteristics of its inhaler.
- Glaxo relied on marketing materials and survey evidence but no surveys concerning equivalence [217]
- Glaxo lost.





## *Lidl & another v Tesco & another [2023] EWHC 873 (Ch)*

Lidl pleaded: “... the Defendants have misrepresented that products sold by Tesco **share the qualities** of those of Lidl, including in particular that the goods offered for sale by Tesco in connection with the Sign are of **equivalent good standard**, and sold at the **same or equivalent price**, as similar goods sold in the course of the Lidl business; or that Tesco has **otherwise ‘price matched’** the prices of its products with those of Lidl; in each case **contrary to the fact.**”





# *Lidl & another v Tesco & another [2023] EWHC 873 (Ch) : decision of Smith J*

- In a claim of misrepresentation as to equivalence, *“it is necessary to examine the claim to goodwill and misrepresentation with the utmost care”* – Smith J at [266]
- Smith J at [269] accepted Lidl’s case that (i) the UK public recognised the Lidl Marks as indicating Lidl’s **goodwill**, and (ii) its goodwill included its **reputation** as a discounter that offers goods at low prices.
- Smith J at [271-272] also accepted Lidl’s submission that that a substantial number of Lidl customers were led to believe that the Clubcard Price was the same or lower than the price offered by Lidl for the equivalent goods. That mistaken belief was said to be **deceiving consumers** and **causing damage** to Lidl because price sensitive shoppers would purchase goods in Tesco rather than Lidl.
- Smith J at [277] accepted that Lidl had **suffered damage** by reason of Tesco’s misrepresentation.
- Lidl won in the first instance





## Tesco's appeal - *Lidl v Tesco* [2024] EWCA Civ 262

- Tesco's principal ground of appeal was that Smith J was wrong to find that the average consumer seeing the Clubcard price signs would be led to believe that the price(s) being advertised had been "price-matched" by Tesco with the equivalent Lidl price, so that it was the same or a lower price [122].
- *"The issue is not now whether, if the price-matching message was conveyed, it was false, but whether the judge was entitled to find that a substantial number of consumers had been led by the [Clubcard price signs] to believe that Tesco's Clubcard prices were the same or lower than Lidl's for equivalent goods"* – Arnold J at [134]
- Arnold LJ accepted Smith J's analysis at [160]. The judges reluctantly dismissed Tesco's appeal at [161], [196], [200].





# How far can you push the court...?

- ...quite far but there is a high hurdle to convince the Court of Appeal. A lot depends on the first instance analysis of the factual evidence which the Court of Appeal will be reluctant to overturn.
- “...in principle, a misrepresentation as to equivalence could be actionable as passing off, but...it was necessary to consider with care what **goodwill** the claimant owned and whether any **misrepresentation** was made by the indicia complained of which was likely to **damage** the claimant's goodwill” – Arnold LJ in *Glaxo Wellcome UK Ltd v Sandoz Ltd* [2019] EWHC 2545 (Ch) [181]
- **Evidence is key in such cases** - “Convincing evidence of deception will carry the day” - Jacob J at *Neutrogena Corporation v. Golden Ltd (Neutrogena)* [1996] RPC 473 at [482].
- *Lidl v Tesco* shows the importance of market analysis in winning by demonstrating the actual confusion.



# Thank you



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