

**ROCKY ROAD AHEAD: DECISION IN FOOTWEAR CASE CONFIRMS THAT
INTERLOCUTORY INJUNCTIONS IN TRADE-MARK MATTERS ARE GETTING MORE
DIFFICULT TO OBTAIN**

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A recent decision of the Trial Division of the Federal Court of Canada has confirmed what I.P. lawyers have known for some time now: it is becoming more and more difficult to obtain an interlocutory injunction in trade-mark matters in Canada (*Caterpillar Inc. v. Les Chaussures Mario Moda Inc.*, No. T-2981-94, July 11, 1995).

Caterpillar Inc. ("Caterpillar"), the famous manufacturer of earth moving equipment, heavy machines and assorted other products, applied for an interlocutory injunction enjoining the defendant Les Chaussures Mario Moda Inc. ("Mario Moda") from using a group of trade-marks and hang-tags on the work boots distributed by the defendant, alleging passing-off and trade-mark infringement. Apart from its main activities, Caterpillar had for many years licensed its trade-marks for use on products unrelated to its core business. Since 1988, one of these products has been footwear.

Through a series of transactions, defendant Mario Moda became the exclusive distributor of Caterpillar footwear in Canada from January to December 1993. At the end of that year, the license expired and was not renewed. In October 1994, Mario Moda began selling boots under names similar to those owned by plaintiff: for example, Caterpillar viewed Mario Moda's WALKING STEEL and PILLAR TIMBER TEAM marks too close to its own WALKING MACHINE and CAT TIMBER TEAM trade-marks. Moreover, distinctive features of the plaintiff's marks such as a triangle superimposed on the letter A along with the colours yellow and black appeared in the defendant's trade-marks. To Mrs. Justice Tremblay-Lamer, the marks were "uncannily alike". However, the parties boots were of different types and the plaintiff did not object to the boots themselves.

In order to decide the case before her, Mrs. Justice Tremblay-Lamer recalled that the test for granting interlocutory injunctions has evolved from a test that

focused on the merits of the case towards one that concentrated on the interlocutory nature of the equitable remedy. Over the years, the three-part test spelled out in the U.K. case of *American Cyanamid Company v. Ethicon Ltd.* (1975) A.C. 396 at 407 (H.L.) has been adopted in Canada. Thus, a preliminary assessment must first be made of the case to ensure that there is a serious issue to be tried; secondly, it must be determined whether the applicant would suffer irreparable harm if the application were refused; thirdly, an assessment must be made as to which party would suffer greater harm from the granting or refusal of the remedy pending a decision on the merits.

The judge easily concluded that there was a serious issue to be tried. On the issue of irreparable harm, Mrs. Justice Tremblay-Lamer wrote that the plaintiff must adduce factual evidence on this point: evidence speculative in nature or even evidence of actual confusion is insufficient to establish irreparable harm. There must be actual evidence of a loss of goodwill or reputation.

The court cannot infer from the existence of confusion, the existence of a loss of goodwill or reputation (*Centre Ice Inc. v. National Hockey League* (1994), 53 C.P.R. (3d) 34 (F.C.A.) (see 8 W.I.P.R. 119, May 1994). In the case at bar, there was considerable evidence of confusion but that did not convince the judge that there was a loss of goodwill. Mrs. Justice Tremblay-Lamer hinted that the outcome might have been different had there been evidence that clients had been so confused by the offending trade-marks that they refused to buy the footwear or evidence that the defendant's boots were shoddy. Thus, the evidence submitted, *i.e.* actual confusion in the market place, in the circumstances discussed above, was judged insufficient for a finding of irreparable harm. Based on her conclusions, the judge did not examine the balance of convenience and rejected the plaintiff's motion.

The judge's decision is consistent with a series of recent court decisions which have made it ever so difficult to obtain an interlocutory injunction in trade-marks matters (see for example *Turbo Resources Ltd. v. Petro Canada Inc.* (1989) 2 F.C. 451 (F.C.A.); *Syntex Inc. v. Novapharm Ltd.* (1991), 126 N.R. 114 (F.C.A.)). In this case, the judge agreed that plaintiff had made a strong *prima facie* case of infringement and conceded that it would probably be successful at proving infringement at trial. This new direction adopted by the courts in recent years sends a message to plaintiffs: it will be necessary to conduct the proper investigations and uncover the facts needed to establish irreparable harm before filing a motion for an interlocutory injunction. However, plaintiffs now appear to have an easier time on the question of delay: these time-consuming activities will not be reproached to a plaintiff if a few months pass by before a motion is presented to the court. As written by Mrs. Justice Tremblay-Lamer, the court will not force the parties to gather

extensive evidence and then refuse an injunction because gathering that evidence has taken time.

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