

Some Interlocutory Injunction Cases: The ‘Nays’ seem to Have it!

IP column published in *The Lawyers Weekly*

October 25, 1995

Edward Hore
Hazard & Hore
141 Adelaide Street West, Suite 1002
Toronto, ON M5H 3L5
(416) 868-1340
edhore@hazardandhore.com

The following is a quick round-up of some interlocutory injunction cases in the intellectual property area. In all the cases, except one where the circumstances were somewhat unusual, an interlocutory injunction was denied, confirming the trend in recent years that interlocutory injunctions in intellectual property cases are getting harder to get.

1. Trade-marks

The CATERPILLAR Boot case: “One of these days, these boots are gonna walk all over you”

A workboot manufacture was unsuccessful in trying to stomp on an alleged trade mark infringer in *Caterpillar Inc. and Wolverine Canada Inc. v. Les Chaussures Mario Moda*. The case involved those formidable gestapo-style boots which for some reason are all the rage these days among teenage girls. Wolverine, the exclusive Canadian distributor of CATERPILLAR footwear sought an interlocutory injunction to prevent a small Montreal company from marketing somewhat lower priced boots using trade-marks, labeling and hang-tags which Madame Justice Tremblay-Lamer of the Federal Court, Trial Division found “very similar” to the plaintiffs’.

Although the court found, “there is no doubt ... that the plaintiff will be successful at proving infringement at trial”, it still refused the injunction on the basis of recent Federal Court of Appeal decisions such as *Centre Ice*, *Ciba-Geigy* and *Nature Co.* which, as the court said, have “made it considerably more difficult to get an interlocutory injunction in trade mark cases.”

Those cases have been discussed in previous columns. Essentially, the appeal level cases stress that evidence of irreparable harm in injunction cases cannot be “merely speculative”, thus putting a difficult evidentiary hurdle in front of a trade-mark owner seeking an interlocutory injunction.

Wide World of SPORTS AUTHORITY: “The thrill of victory, the agony of defeat”

The Centre Ice case was also referred to several times by Mr. Justice Rothstein of the Federal Court, Trial Division, in denying an interlocutory injunction in Sports Authority v. Howard Vineberg et al. In this case, somewhat confusingly, a defendant called Presidio Clothing Inc. sought an injunction to prevent the plaintiff Sports Authority Inc. from using the name THE SPORTS AUTHORITY. The facts are not set out, but it appears Presidio asserted common law rights in this mark; there is no mention of a registration. Use by Sports Authority Inc., had apparently not yet begun, because the injunction application is described as quia timet.

Mr. Justice Rothstein accepted that “there will be confusion if both the plaintiff and defendant Presidio use the name ‘The Sports Authority’”, but nevertheless refused an injunction because Presidio’s evidence of irreparable harm, namely, loss of distinctiveness, harm to good will, and unquantifiable loss of sales (i.e. all the stuff that is usually asserted) was merely speculative. “Loss of distinctiveness, harm to goodwill or loss of sales cannot be inferred simply from evidence of confusion. To demonstrate irreparable harm, an applicant must lead clear evidence showing how such harm will occur and why it will be irreparable.”

2. Patents

ULTRA FLEECY Gets BOUNCED

In Proctor & Gamble Inc. v. Colgate-Palmolive, the plaintiff marketed BOUNCE dryer sheets, those fluffy little thingamabobs my mom used to stick in the dryer with the socks. P & G had a patent, due to expire in eight weeks. The defendant Colgate-Palmolive was said by P & G to be planning to jump the gun by entering the market with an infringing dryer sheet under the name ULTRA FLEECY before the expiry date of the P & G patent. P & G sought an interlocutory injunction to prevent market entry by the defendant until patent expiry. The defendant did not file any affidavits, although it did cross-examine P & G’s affiants.

In an unusual wrinkle, P & G had not seen or tested the dryer sheets the defendant was planning to market, but said that it expected for various reasons that the ULTRA FLEECY sheets would infringe the patent. The defendant had refused to provide a sample, and also had not filed any evidence that its sheets would not infringe the patent. Thus, there was no direct evidence of infringement, but also no evidence to the contrary. Mr. Justice Teitelbaum of the Federal Court, Trial Division was prepared to conclude, based on the uncontradicted evidence of the plaintiff, that the new ULTRA FLEECY

sheet infringed. He also concluded that P & G had shown irreparable harm because of the uncontradicted assertion in its affidavit evidence (under the heading “Floodgates”) that numerous other brands would enter the market before the patent expired if ULTRA FLEECY sheets were permitted to do so, and that this would “stymie” P & G’s efforts to properly protect its market position, (i.e. “defend” the brand) upon expiry of its patent exclusivity. He therefore granted an injunction preventing the defendant from marketing its fabric softener sheet for eight weeks.

The moral of the story: it is a bad idea to not file affidavit evidence in response to a patent injunction. However, no doubt responding counsel had good reasons for not putting in responding evidence that are not apparent from the reasons.

Star Trek toys: “Fire photon Torpedoes!”

The plaintiff Fromm Group Inc. held rights in a patent on a “Toy Mirror Assembly” and sought an interlocutory injunction to prevent the defendants Thinkway Toys and Famous Players Inc. from selling a toy called the Star Trek: The Next Generation - Electronic Console Bank, which it asserted infringed the patent. Validity and infringement were both disputed by the defendants. Associate Chief Justice Jerome of the Federal Court, Trial Division denied the injunction, citing caselaw to the effect that injunctions in patent cases will rarely be granted because damages will generally be an adequate remedy, if infringement is found at trial.

The court said it was left in doubt about infringement and validity, implying that the moving party had not established a substantial issue to be tried. The Court also found that, if the injunction were granted but the plaintiff later did not succeed at trial, it would be “perhaps impossible” for the defendants to be compensated in damages, and that there was “some question” about the ability of the plaintiff in that event to pay damages.

I argued this case for the defendants, so every word of the judgment naturally seems to me to be bathed in a wondrous glow of rightness.

The Star Trek toy at issue is nifty; Star Trek android Data appears on the screen when you push a button, and says “Fire photon torpedoes!”. My kids love it.

3. Comparative advertising

Tylenol v. Exedrin: “Not now, dear, I have a headache”

An injunction was also denied in Johnson & Johnson v. Bristol Myers, the latest of a series of recent comparative advertising cases. This one pitted TYLENOL against

EXCEDRIN. Comparative advertising is when a company's ad compares its product with its competitor's.

Johnson & Johnson, which markets TYLENOL, sought an interlocutory injunction to prevent Bristol Myers, which markets EXCEDRIN, from saying in magazine and television ads that EXCEDRIN is superior to TYLENOL because EXCEDRIN contains caffeine, said to enhance the efficacy of the product. The Canadian regulatory authorities had approved such ads in Canada, contrary to the position reached in the US, where similar ads had been prohibited by the courts and the Food and Drug Administration (FDA). J & J had taken steps to appeal the Canadian administrative decisions, but had not pursued the appeal.

J & J sought an interlocutory injunction in the Ontario courts stopping the ads on the basis of the sections of the Competition Act and Trade-marks Act prohibiting false and misleading statements about products in the marketplace. Mr. Justice Taliano of the Ontario Court General Division, dismissed the application in a vigourously worded judgment, finding that there was no serious issue to be tried. "To expect a Canadian court to give preference to the American judgment that denied the validity of the superiority claims over the subsequent decision of the appropriate Canadian regulatory agency upholding their validity would constitute an unwarranted delegation of Canadian autonomy to a foreign jurisdiction, a result which neither the principles of comity demand nor the concept of autonomous nations permits."

The court also noted that TYLENOL's market share, rather than being irreparably harmed by the ads, had actually increased. "That being the case," Mr. Justice Taliano commented, "the adage that there is no such thing as bad publicity comes to mind." There was also reasonably convincing evidence that the claims in the defendant's ads were correct. The court was also concerned about the plaintiff's delay of about a year in moving for an injunction.

As a result of the difficulty of getting interlocutory injunctions shown in these cases, intellectual property owners seeking to enforce rights in disputed cases must now usually wait until the trial of the matter to get relief. The only alternative might be to use the new-fangled and somewhat untried summary judgment rule recently added to the Federal Court Rules.

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Unitel v. Bell: "one ringey-dingey, two ringey-dingey ..."

On a completely unrelated topic, brief mention should be made of the thoughtful decision of Mr. Justice Gibson of the Federal Court, Trial Division in *Unitel Communications Inc. v. Bell Canada*.

Unitel applied successfully to expunge the registered trade marks owned by Bell for various phone-related terms, including WATS, 900 SERVICE, 800 PLUS and CALLING CARD. The issue was whether these are valid trade-marks or merely non-distinctive, generic terms. The court after careful consideration of many classic trade-mark cases expunged the marks on the basis that they lacked distinctiveness, finding Bell had been “remarkably lax in its management and policing of its trade-mark rights”. Bell had for years not objected to unauthorized use, apparently never contemplating that it might one day have competitors. As a result, it had lost any rights it might once have had, said the court.

The case has been appealed, and seems likely to result in an interesting decision from the Federal Court of Appeal dealing with many issues going to the heart of what a trade-mark is.