

Summary Judgment Comes to the Federal Court

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Not long ago, the interlocutory injunction was the weapon of choice in intellectual property disputes. If you didn't move for an injunction in a trade mark or copyright dispute, you were a wimp. IP litigators loved interlocutory injunctions the way the IRA loves dynamite. But no more.

As I discussed in a column a few weeks ago, a series of decisions of the Federal Court of Appeal has made it much more difficult to get an interlocutory injunction in trade mark and other IP cases.

(Unlike almost anything else, patents, trade marks and copyright are within the jurisdiction of the Federal Court. IP litigators therefore like to use the Federal Court because of it usually isn't busy, and its judges have some experience in intellectual property matters. It also has nicer carpets.)

So the question is, now that the interlocutory injunction in IP cases is out of style, what will replace it? One possibility is the Federal Court's brand new summary judgment rule, Rule 432.1, which came into effect in mid-January of 1994. Under the new rule, either the plaintiff or the defendant can move for summary judgment.

From the point-of-view of IP litigation, this change in the rules is long overdue, for two reasons.

First, as in any other area of litigation, some IP lawsuits are brought by wackos. In fact, although I have not done an empirical study, I believe the wacko-to-total-number-of-cases ratio may be somewhat higher than in other areas of the law. But without a workable summary judgment rule it was difficult to get rid of frivolous cases.

Secondly, many intellectual property disputes do not involve real disputes about the facts. As in other types of commercial litigation, the dispute is often not about what the facts *are* but what they *mean*.

Various Ontario cases show how the rule might be used. The Ontario general division has shown itself more willing to resolve matters through summary judgment in recent years, even where there may be some dispute on the evidence. This is to everyone's advantage. The judge benefits because matters can be resolved in a motion that takes a day or so, as opposed to snoozing through a trial which could drag on for days or weeks. The parties are spared the long wait on the trial list (currently at least a year in Toronto).

There are a number of summary judgment cases in Ontario which are partly or entirely intellectual property cases, and which show how well this procedure can work for cases of this kind.

There is, for example, *Vaughan v. Warner Communications* ((1986), 56 O.R. (2d) 214) in which a man who made sculptures of monsters sued Warner, makers of the movie *Gremlins*, for infringing his copyright. Madame Justice Boland dismissed the claim, in one of the earliest cases in which the then new Rule 20 was used by a defendant, rather than a plaintiff.

There is also the *Pizza Pizza* case ((1990), 75 O.R. (2) 225) where the pizza chain sued a departing partner for starting a competing chain called *Chicken Chicken*, and allegedly infringing copyright in various *Pizza Pizza* documents and breaching fiduciary duties, among other things. This case arguably got the ball rolling in terms of widespread use of the summary judgment rule in commercial cases in Ontario. The court spoke glowingly of the summary judgment procedure, and was prepared to deal with the matter on a summary basis notwithstanding some disputes in the evidence, previously thought fatal to such a motion.

There is also *Cselko v. Zellers* ((1993), 44 C.P.R. (3d) 56), a case argued by your humble scribe, in which *Zellers* moved successfully for summary judgment to dismiss a copyright claim concerning the *Zellers* in-house mascot *Zeddy Bear*.

These are cases in which the defendant moved to dismiss the claim, but it is also possible to imagine the new summary judgment rule being used by plaintiffs in IP enforcement proceedings.

If the Federal court interprets the new rule as widely as was done for example in the *Pizza Pizza* case, IP cases which formerly would have been brought as interlocutory injunction motions may instead be brought as summary judgment motions. This may be better than the old injunction forum in many ways. If the plaintiff is successful, the defendant is forced to stop whatever it is doing quickly, as before. But the hearing will deal with the merits, rather than arcane arguments as to what constitutes or does not constitute irreparable harm. As well, if summary judgment is granted to either party, the issue will be resolved once and for all (assuming no one appeals), rather than merely put off to a trial in the distant future.

As of the end of the first week of February, there had been no activity under the new summary judgment rule in the Federal Court, so far as anyone in the Ottawa office of the Federal Court Trial Division was aware. But the rule had only been in force for three weeks. We will wait and see what happens.

NHL Comes Back in Overtime. In my last column, I mentioned *Centre Ice v. National Hockey League*, one of the more interesting of the recent IP cases. On December 7, 1993, Mr. Justice Muldoon of the Federal Court granted a store in Calgary called Centre Ice an interlocutory injunction against the NHL stopping it from advertising or using the NHL's unregistered trade mark CENTRE ICE in part of Alberta. The store had been using the name in Calgary since 1986, but had no trade mark registration either. Mr. Justice Muldoon in his reasons sent the NHL to the penalty box for what he called its attitude of "lordly disdain" toward the plaintiff store.

Almost exactly at the same time my column went to press, the NHL came from behind. The Federal Court of Appeal allowed the NHL's appeal in late January, 1994, and overturned the interlocutory injunction. The basis of the decision was that although the trade marks were the same, that there was no evidence that the plaintiff would suffer irreparable harm if the NHL used the same trade mark in its market area. The case is another in the Federal Court of Appeal's recent line of cases, referred to above, which make it extremely difficult for a plaintiff to get an interlocutory injunction, even if strong on the merits.

This might be exactly the kind of case where, in future, plaintiffs will move for summary judgment on the issue of whether the marks are confusing and seek a permanent injunction, as opposed to an interlocutory injunction on the basis of irreparable harm.