

Interlocutory injunction available even for marks that lack inherent distinctiveness

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Interlocutory injunctions can be an important litigation tool to remedy situations where quick relief is necessary to prevent damages from infringement. While the Federal Court of Canada is often the preferred venue for trademark and other IP litigation, until recently it was virtually impossible to obtain interlocutory relief, largely because of the high bar set by Federal Court jurisprudence to show irreparable harm with clear and non-speculative evidence. Other courts appear to approach the bar differently, including the Quebec Superior Court, which recently demonstrated that it can be a friendlier forum for injunctions in trademark law, even in a case involving unregistered rights.

In *Pièces d'auto économiques inc v 9343-6137 Québec Inc* (2017 QCCS 757), the plaintiff, which has been operating under the trade name '*Pièces d'auto économiques*' ('cheap auto parts') for 40 years, obtained an interlocutory injunction until the decision on the merits against a business that has recently started doing business under the name '*Pièces d'auto écono*'. Both businesses offer the same goods and services. Although they are not located in the same city (the plaintiff is located in the Quebec City area and the defendant in Longueuil), the pool of customers of the two businesses was found to overlap. In fact, the plaintiff showed that its clients were located in several other regions of Quebec, including the region in which the defendant was located, in addition to operating a website that is accessible from all parts of the province – although the extent of its goodwill outside the Quebec City region was unclear. The plaintiff had also made recent efforts to promote itself on social media. Notably, both parties used different logos and colours, and neither appeared to have a registered trademark or pending application for their respective names. Further, both parties' respective marks combined a generic term (ie, 'auto parts') with a common laudatory descriptive term (ie, 'economic' or its diminutive 'econo'). However, the court did not seem to take this into account, possibly because the plaintiff had demonstrated use of its trademark for over 40 years.

The defendant began using the trade name '*Pièces d'auto écono*' on June 29 2016. It received the plaintiff's demand letter on August 8 2016, but chose to ignore it, rather than taking the warning seriously.

The Quebec Superior Court reiterated the criteria to be considered in this respect, namely

- colour of right;
- serious or irreparable harm; and
- the balance of inconvenience.

On the colour of right, the court reviewed the confusion criteria of the Trademarks Act and found that, since the plaintiff has been using its name for more than 40 years and both parties offer the same products and operate the same type of business, there was a likelihood of confusion. As to serious harm, the court confirmed jurisprudence on the matter, which holds that the potential loss of customers is generally considered as irreparable harm. Finally, the court held that the balance of convenience test need not be considered when the plaintiff's rights are clear. Nevertheless, it pointed out that the balance of inconvenience is in favour of the plaintiff, commenting in passing that the defendant's decision to ignore the plaintiff's demand letter had consequences.

The court therefore ordered the defendant to:

- cease all use of the name "*Pièce d'auto écono*" immediately;
- remove all advertising with that name; and
- notify its customers and suppliers of this order.

Every case must be analysed on its own particular facts and, in this case, the Quebec Superior Court appears to have been influenced by the fact that the defendant ignored a demand letter. However, the court's analysis seems to be at odds with many Federal Court decisions in both its assessment of serious or irreparable harm and its merging of evidence of harm and balance of convenience. Typically, without clear evidence of irreparable harm (as opposed to potential loss), the Federal Court will not grant interim relief; although, in the recent *Sleep Country Canada Inc v Sears Canada Inc* decision (2017 FC 148 (under appeal)), the court's reasoning suggested that the impossibility of calculating damages could support a finding of irreparable harm. In addition, the Federal Court usually requires the plaintiff to demonstrate clearly how it will suffer more inconvenience than the defendant if the injunction is not granted. The Quebec Superior Court's approach seems much more informal. Having shown a serious issue of confusion, a

potential loss of customers satisfied the irreparable harm test, thereby making a review of the balance of convenience test unnecessary.

This decision is a reminder that courts may take discretionary provisional measures to protect trademark rights. This discretion may be in favour of a plaintiff which demonstrates use of its mark over a long period of time, even if the mark is not inherently distinctive, especially when evidence shows that the defendant chose to ignore the plaintiff's serious warning. The decision is also instructive in suggesting that the choice of forum (ie, federal or provincial courts) may impact success. While a provincial decision may be applicable in only a single province, if that could significantly affect an infringer's entire business activity, the provincial courts may be the preferred venue.

François Larose, Bereskin & Parr LLP, Montreal

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