

Are interlocutory orders making a comeback in IP?

BY DALE SMITH

For Law Times

An interlocutory order granted against Sears Canada for using a new slogan confusingly similar to Sleep Country's could mean that the courts are returning to granting such orders despite their relative rarity since 1994. Intellectual property lawyers say that this second order in two years could mean that the tide is starting to turn.

Sleep Country Canada has used the slogan "Why buy a mattress anywhere else?" for 22 years, in print, radio and television, with a jingle associated with it. In 2016, Sears Canada began using a slogan "There is no reason to buy a mattress anywhere else" with regards to its own mattress sales, to which Sleep Country objected.

"Very often in intellectual property cases, whether in trademark or patent cases, you are trying to assert your monopoly by preventing the alleged infringer from using the property that you have the monopoly in, in the time before trial," says Stephanie Chong, partner with Hoffer Adler LLP in Toronto.

"You will always seek a permanent injunction at trial, but there are circumstances with which you will seek an interlocutory injunction, which is what Sleep Country sought here."

Interlocutory injunctions in trademark cases were fairly commonly sought until the 1994

decision in *Centre Ice Limited v National Hockey League*, where the Federal Court set out a very high standard for finding irreparable harm. The three-part test for granting interlocutory orders involves establishing a serious matter to be tried, the moving party must establish irreparable harm and the balance of convenience must favour the granting of the injunction.

"Irreparable harm is harm that cannot be quantified in monetary terms," says Chong. "Irreparable harm cannot be inferred and you have to establish it by clear evidence. Later cases reiterated that. It became very difficult to prove to this very high standard that the brand owner was in fact going to suffer harm that could not be quantified."

An interlocutory order was granted in 2015 in *Reckitt Benckiser v Jamieson Laboratories*, and while the facts of that case were different from the Sleep Country case, it was the first time that an injunction was granted in a trademark case since *Centre Ice*, making Sleep Country the second time in two years that such an order has been granted.

"The Sleep Country decision does open the door to brand owners going back to the Federal Court and trying to get interlocutory injunctions," says Chong. "That is a pretty big deal."

One factor in the Sleep Country case was the quality of the expert evidence presented by Sears, including that its expert did not



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adhere to the code of conduct that expert witnesses are expected to by not including his assumptions in his evaluation.

"It seems that the infringing conduct was mixed with non-infringing conduct, and for the purpose of quantifying damages, how do you parse those two things out?" asks Catherine Lovrics, partner with Bereskin & Parr LLP in Toronto. "What I do think may be the distinguishing feature is that this case involved a slogan and not the sale of infringing product, which is usually at issue. Because it involved a slogan, it is hard to attribute loss or profits."

Lovrics says it's possible the biggest effect of the finding will be whether the courts are making it easier to get interlocutory judgments at least where slogans are concerned. She says it could

also cause companies to start registering their slogans, which have been more difficult to protect in the past.

"The ultimate question is by Sleep Country owning the slogan, does it get a monopoly on expressing this idea?" asks Lovrics.

"Historically, slogans that have a phrased meaning like this would be entitled to protection, but the scope of protection would not entitle the owner to a monopoly on expressing that idea. Maybe in this case it will ultimately turn on the phrase 'buy a mattress anywhere else.'"

Sleep Country's jingle appears to have been one of the factors weighed in this case, because it makes it a mixed-media brand.

"It's so intricately interwoven with the trademarks that were at issue that the court actually refers to the jingle in addition to the two trademark registrations that were subject of the analysis," says Andrea Rush, partner with Blaney McMurtry LLP in Toronto. "In analyzing the length of time and the length of the mark, the court looked to the impression that was created by the words and the jingle."

Rush says the message to lawyers is that it's important to consider all of the branding features, not just the registered words.

Both Chong and Rush point to a statement in the decision by Justice Catherine Kane where she stated, "This motion has highlighted the sometimes fine

line between the possible, the impossible, and the 'not impossible'" regarding quantification of overall damages.

Rush says the decision enhances the understanding of when to bring in experts and what experts need to establish, which includes their assumptions.

"It's the strength of the assumptions and their ability to express with clarity their assumptions, which will assist in determining whether or not the valuation is appropriate," says Rush.

"What we see from this particular case is the inability to value led to the grant of an interlocutory injunction. If there's an inability to value, it's irreparable harm. If there's inability to assess the damages, there's irreparable harm."

Matthew Gottlieb, partner with Lax O'Sullivan Lisus Gottlieb LLP in Toronto, who represented Sleep Country, says the decision makes clear that the Federal Court is open to granting interlocutory injunctions where the facts show it would be appropriate. "In Sleep Country, the facts well supported the order that Her Honour granted," says Gottlieb.

Sears has served notice that it is appealing the decision against the injunction, while the substance of the complaint would take another 18 to 24 months to reach trial. Sears' counsel did not respond to a request for comment. **LT**