

## **When Should A Trade Mark Opposition Be Stayed?**

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A recent decision of the Federal Court deals with whether opposition proceedings should be stayed as result of a pending action in that Court.

### **a) The Dispute**

The plaintiffs and their predecessors carried on business in the United States since the 1930's selling farm supplies, hardware and the like. In the 1960's, the plaintiffs expanded their business into Canada through a wholly-owned subsidiary. In 1987, the shares of the Canadian subsidiary were sold to the subsidiary's Canadian senior management. There is a dispute concerning the nature and extent of the rights of the defendant in a trade name and related trade marks used by it. The plaintiffs insist that the defendant is a licensee of the trade name and marks. The defendant maintains that it is the owner of the name and marks.

### **b) The Proceedings**

The defendant applied to register additional related marks which the plaintiff opposed. Then the plaintiffs commenced an action in the Federal Court, seeking, amongst other things, a declaration that the plaintiffs are the owners of the trade name and trade marks used by the defendant. The plaintiffs also sought expungement of a number of registered Canadian trade marks owned by the defendant, damages for passing-off and an injunction restraining the defendant from using the name and marks in issue. The action was defended and a counterclaim was asserted seeking a declaration that the defendant is the owner of the trade name and marks in issue, damages for trade mark infringement and injunctive relief.

The plaintiff applied to the Court for a stay of the opposition as the Trade-marks Opposition Board has no jurisdiction to make such an order.

### **c) The Test to be Applied**

There is some uncertainty in the Federal Court concerning the test to be applied in this type of situation. The defendant argued that the test relating to the grant of an interlocutory injunction applied. The Judge preferred a more nuanced test which had been previously applied by other judges of the Federal Court. This test gives more emphasis to the respective prejudice that the grant of a stay would have on the parties and makes it clear that the power to grant a stay may only be exercised sparingly and in the clearest of cases.

The Judge was not satisfied that the plaintiffs had satisfied either test. The parties had agreed that evidence from the court proceeding could be used in the opposition which minimized potential prejudice. The relief sought in the proceedings was different and there was not a significant risk of inconsistent results. There was no clear evidence of irreparable harm and the plaintiffs had not moved promptly to seek the stay.

**Comment**

This type of situation involves the exercise of a significant amount of discretion on part of the Judge and outcomes can be difficult to predict. However, the steps necessary to avoid the underlying dispute are clear. In a situation of this sort the subsidiary should have been licensed to use the name and marks in issue and the parent should have owned the relevant registrations.