

Interim injunctions

Introduction

Intellectual property cases very often involve urgency because of unquantifiable and irreparable damage (for example, damage to reputation) occurring. For this reason, it is often worth considering seeking an interim injunction, which will prevent the defendant continuing its activities pending full trial of the matter.

Nature of interim injunction application

Most civil proceedings will take at least a year (and sometimes several years) to complete pre-trial steps and obtain a hearing date. This means that it can be some time before you are able to stop an infringer breaching your rights.

However, in certain circumstances it is possible to apply for a temporary order (known as an interim injunction) to stop infringement pending full trial.

Success at interim injunction stage does not dispose of the proceedings. The proceedings will continue as standard civil proceedings. However although there are no guarantees, in practice, if an interim injunction is obtained, the case will usually settle quite quickly afterwards. Defendants generally settle because they do not believe that their prospects of success justify taking the matter to trial.

In addition, where the action involves use of a trade mark, the defendant will be compelled to change to an alternative mark pending full trial.

By the time the trial is held the defendant will have invested time and money in promoting that new mark and will not want to swap back to the original (disputed) mark.

Procedure for interim injunction application

An interim injunction application is determined on the basis of evidence contained in sworn affidavits. To make the application, detailed affidavits must be prepared setting out all relevant facts and attaching relevant documents.

In order to file an interim injunction application it is also necessary to first (or usually at the same time) commence standard proceedings by way of a Notice of Proceeding and Statement of Claim.

Ex parte application (without notice to the defendant)

In very limited circumstances, it is possible to apply for an interim injunction without notifying the other party. To be successful, the plaintiff must meet a very high threshold. The Court must be satisfied that its case is so strong and so urgent that it warrants orders being made without the defendant having the opportunity to file evidence or be heard.

Application on notice

Most interim injunction applications are heard on notice to the other party. In that case the Court uses a two-stage test to decide whether

the injunction should be granted. Under this test the Court will determine whether:

- There is a "serious question to be tried"; and
- The "balance of convenience" favours granting the interim injunction.

The "balance of convenience" involves a balancing of the harm done to the defendant if an injunction is granted, compared to the harm done to the plaintiff if an injunction is not granted. Factors generally taken into account include:

- Whether damages will be an adequate remedy for the plaintiff. Cases where damages may not be an adequate remedy include, for example, where it is impossible to quantify the damage suffered by the plaintiff as a result of the actions of the defendant; where there is likely irreparable harm to its credibility from a defendant's actions; and where it will be difficult / impossible for the plaintiff to regain market share obtained by the defendant if it is allowed to continue to infringe;
- Whether damages will be an adequate remedy for the defendant if the interim injunction is granted but the defendant is successful at a full trial (and whether the plaintiff is in a position to pay those damages);
- Whether the defendant is likely to be able to pay any damages that are awarded due to the size of the

damages and the financial position of the defendant;

- Whether the grant (or refusal) of the interim injunction is likely to be determinative of the matter;
- The conduct of each party: i.e. whether the defendant has entered into its activities with "eyes open" and/or whether the plaintiff has come to the court with "clean hands";
- Maintaining the status quo (which is usually the situation before the defendant started its infringing activity); and
- Delay in seeking an interim injunction. For this reason, it is important to file an interim injunction application as soon as possible after learning of the infringement.

Undertaking as to damages

When applying for an interim injunction, the plaintiff will be required to give an undertaking as to damages. This undertaking provides that, if the injunction is granted but the defendant succeeds at trial, and the defendant suffers damage as a result of the interim injunction having been in place, it will abide by any order which the Court may make for payment of damages to the defendant.

Advantages/disadvantages of interim injunction application

There are a number of advantages in obtaining an interim injunction when compared with pursuing standard proceedings:

- An interim injunction application will usually be heard within 4-6 weeks of issuing proceedings.
- If successful, the defendant will have to cease the activities covered by the injunction pending trial.
- Once an interim injunction has been obtained, the matter will usually (but not always) settle quite quickly.
- The costs of obtaining an interim injunction are substantially less than the costs for bringing proceedings to trial.
- The proceedings are a matter of public record and may result in some publicity.

There are also disadvantages of seeking an interim injunction:

- The costs at the outset of the case will be much greater than in standard proceedings.
- The plaintiff will be required to give the undertaking as to damages referred to above. This may have serious implications if it wins the injunction but loses at full trial.
- Even if there is a strong case for infringement, the plaintiff may not be able to succeed on the "balance of convenience" test, depending on the circumstances (particularly if the defendant can pay damages and damages would be an adequate remedy).

- If an interim injunction application does not succeed, the plaintiff will have accumulated significant costs in relation to the application, and will be required to pay some of the defendant's costs.

The best option will depend on the individual circumstances of your case and our team will advise you fully on the options available at the outset of your case.

Disclaimer

The above is provided for general information purposes only and does not take the place of specific legal advice. For more specific advice on all aspects of intellectual property law please contact us.