

Date: 20090409

Docket: T-2261-05

Citation: 2009 FC 358

Ottawa, Ontario, April 9, 2009

PRESENT: The Honourable James K. Hugessen

BETWEEN:

MÖVENPICK-HOLDING

**Plaintiffs
(Defendant by Counterclaim)**

and

INTER MANAGEMENT SERVICES LIMITED

and

HANS JÖRG REICHERT

and

MARIANNE REICHERT

and

GASTRO INTERNATIONAL INC.

**Defendants
(Plaintiffs by Counterclaim)**

REASONS FOR ORDER AND ORDER

[1] This is a motion for default judgment under Rule 210 of the *Federal Courts Rules*, SOR 98/106, against the defendant, Inter Management Services Limited (IMSL) in a trade-mark and passing-off action.

I. Background

[2] The plaintiff, Mövenpick-Holding (Mövenpick), commenced a trade-mark and passing-off action against IMSL, Gastro International Inc., and the directors of both companies, Hans Jörg Reichert and Marianne Reichert (the Reicherts) in December 2005. All defendants were served with an Amended Statement of Claim on July 25, 2007.

[3] On February 15, 2008, Mövenpick's motion to lift the stay of proceedings imposed by the *Bankruptcy and Insolvency Act* against the defendant IMSL was granted by the Ontario Superior Court of Justice.

[4] On December 19, 2008 Mövenpick served and filed a motion to strike the defendants' pleadings for an abuse of process, namely for repeated breaches of two court Orders and for non-compliance with the *Federal Court Rules*.

[5] On January 29, 2009, Madam Prothonotary Aronovitch ordered that the co-defendant IMSL's Amended Statement of Defence and Counterclaim, filed on July 24, 2006, be struck without leave to amend.

[6] On February 2, 2009, Madam Prothonotary Aronovitch granted the other corporate co-defendant Gastro International Inc. (Gastro) pursuant to the plaintiff's consent, leave to file its

Statement of Defence and Counterclaim no later than February 11, 2009. Gastro filed and served its defence on February 10, 2009.

II. Analysis

[7] In its action the plaintiff, Mövenpick, bases its claims against all defendants upon its alleged ownership of two registered Canadian trademarks: MARCHÉ (registration number TMA460,114, registered July 12, 1996) and MARCHÉ & Design (registration number TMA416,921, registered September 17, 1993) for use in association with the operation of restaurants.

[8] In its Statement of Defence and Counterclaim, which has now been validly filed, Gastro claims the invalidity of the pleaded registered Mövenpick marks and seeks their expungement on grounds generally related to their alleged lack of distinctiveness. Those allegations are certainly not at first blush frivolous.

[9] There can be no doubt that the defendant IMSL is now foreclosed from defending the action against it and that, in normal circumstances, the plaintiff would be entitled to proceed to judgment against it by default. The Court cannot overlook however the fact that the sole pleaded basis for the plaintiff's action is its alleged ownership of the two registered Canadian marks whose registration is impugned in this very same Court file. While the entry of judgment against IMSL would not, in my view, prevent the Court from proceeding to judgment in the case against the other defendants and deciding on the merits that the counterclaim of Gastro should be maintained and the registrations expunged, such a curious and contradictory result would clearly not be in the best interests of

justice. Since the record shows that the defendant IMSL is in bankruptcy and presumably inactive, the better course would seem to be to stay the claim against it pending the resolution of what appears to be a genuine controversy between Mövenpick and Gastro regarding the validity of the two noted Canadian registrations.

[10] I do not overlook the possibility that there may be some advantage, as yet not evident to me, for the plaintiff to be able to proceed to judgment against IMSL right away and that, by amendment to its pleadings or otherwise, it may be possible for it to do so while still avoiding the anomalous situation above referred to. If so, counsel are at liberty to apply to have the Court lift the stay upon notice to the remaining parties.

ORDER

THIS COURT ORDERS that

1. The Motion for default judgment is adjourned *sine die*. The action as against the defendant IMSL is stayed pending the outcome of the action as against the remaining defendants or until further order of the Court.
2. No Order as to costs.

“James K. Hugessen”

Deputy Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-2261-05

STYLE OF CAUSE: MÖVENPICK-HOLDING v. INTER MANAGEMENT SERVICES LIMITED et al

MOTION DEALT WITH IN WRITING WITHOUT THE APPEARANCE OF PARTIES

REASONS FOR ORDER AND ORDER: HUGESSEN D.J.

DATED: April 9, 2009

APPEARANCES:

Bayo Odutola, C.S.
Céline Kowbel

FOR THE PLAINTIFF

SOLICITORS OF RECORD:

ODUTOLA PROFESSIONAL CORPORATION
OTTAWA, ONTARIO

FOR THE PLAINTIFFS