

## Stay of proceedings

Rule 90 provides that the Registrar may, where he considers it appropriate to do so, stay any proceedings before him involving 2 or more parties on such terms as he thinks fit, and he may do so either on his own initiative or on request of a party to those proceedings.

The relevant principles are encapsulated in *Linfield Ltd v Taoho Design Architects Ltd* [2002] 2 HKC 204, as varied on one point in *Intel Corporation v Via Technologies Inc* [2002] 3 HKC 650. They are:

- the court must consider what would serve the ends of justice between the parties to the litigation and the administration of justice generally;
- a stay should not cause an injustice to the plaintiff;
- the applicant for stay must satisfy the court that continuing the proceedings would be unjust to him;
- where the plaintiff commences proceedings as of right, he should not be deprived of the right to continue those proceedings in the absence of very good reasons.

These principles are not far removed from the principle stated in *Berlei (UK) Limited v Bali Brassiere Company Incorporated* [1970] RPC 469 at 477, namely “In considering the interests of justice, plainly one must consider the claims of both parties”.

The Registrar is in general amenable to allowing applications for stay on consent of all the parties involved. However, where the proceedings have been stayed for an extended period of time, further application for stay, even if made on consent, would

not necessarily be granted.

An application for stay should be made as early as possible. This could avoid difficulties with time limits under the Rules. For instance, an application for stay should reach us at least 14 days before the due date for the filing of counter-statement, otherwise the relevant party may have to take further action before the due date, such as filing a counter-statement or (if possible) seeking an extension of time, in order to preserve his position.

Where a party has, immediately before a stay takes effect, a certain period of time left to take the next step in the proceedings (such as filing counter-statement or evidence), he will, at the end of the stay, have the same period of time to take that step.

An application for stay made without consent of all the parties involved is likely to be provisionally refused, subject to the applicant's right to call for a hearing.

There are 2 common situations where parties may wish to apply for a stay of proceedings:

- stay pending settlement negotiations; and
- stay to avoid multiple proceedings.

### **Stay pending settlement negotiations**

The Registrar may on application stay the proceedings for the purpose of allowing time for settlement negotiations between the parties. This also applies to the rule 121 cases.

If one party makes the application he should first be asked to furnish the consent of the other side.

In practice, where it is appropriate to do so, generally the Registrar may allow a stay of a period of 9 months or such shorter period as the parties may agree, with leave to either party to restore earlier upon giving the other party and the Registrar one month's prior notice in writing.

Further leave to extend the stay has to be the subject of a fresh application. Where proceedings have been on hold for a considerable period of time, the Registrar may request evidence showing that settlement negotiations are in progress.

### **Stay to avoid multiple proceedings**

It is undesirable to have multiple proceedings before different tribunals or multiple proceedings before the Registrar which involve contests between the same parties on issues which are essentially the same. If there is a genuine and sufficient overlap in the actions, an application to stay certain proceedings before the Registrar may be made by one or both parties.

If one party makes the application he should first be asked to furnish the consent of the other side and to submit a copy of the pleadings in the Court.

There need not be a complete identity of issues between the 2 sets of proceedings, nor is it essential for one to be determinative of the other. Nevertheless there must be a real prospect that the stay would avoid additional and otherwise unnecessary expense and the waste of judicial time (*Sears plc v Sears, Roebuck & Co* [1993] RPC 385).

The Registrar may order that the proceedings be stayed until judgment in the parallel proceedings has been issued or on the expiry of a period of time (e.g. 2 years), whichever is earlier.

The Registrar may stay the proceedings upon such terms as he considers appropriate, including an undertaking by both parties to keep the Registrar informed of developments of the parallel court proceedings.

## **Related matters**

A stay only operates to freeze the inter partes proceedings which are the subject of the stay.

Where, for example, an applicant for registration of a mark (Mark A) institutes revocation proceedings against an earlier mark (Mark B) which is blocking his application, and the revocation proceedings against Mark B is stayed, this does not automatically freeze the application procedure for Mark A. He may need to apply for extension of time under rule 13(6), which is dealt with separately.

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