

Federal Court



Cour fédérale

**Date: 20241216**

**Docket: T-939-24**

**Citation: 2024 FC 2041**

**Ottawa, Ontario, December 16, 2024**

**PRESENT: The Honourable Mr. Justice Southcott**

**BETWEEN:**

**LIMBIC MEDIA CORPORATION**

**Applicant**

**and**

**LUTRON ELECTRONICS CO., INC.**

**Respondent**

**JUDGMENT AND REASONS**

I. Overview

[1] This proceeding is an appeal brought under section 56 of the *Trademarks Act*, RSC 1985, c T-13 [the Act] by way of application. The Applicant, Limbic Media Corporation [Limbic], appeals a decision dated February 26, 2024 [the Decision], of the Registrar of Trademarks [the Registrar], to expunge Registration No. TMA422,724 [the Registration] for the word mark AURORA [the Mark] under section 45 of the Act. The Registrar decided to expunge the Mark

because Limbic failed to demonstrate use of the Mark in association with the goods specified in the Registration during the period relevant to the section 45 analysis.

[2] Limbic seeks an order setting aside the Decision and directing the Registrar to maintain the Registration pursuant to subsection 45(5) of the Act.

[3] As explained in further detail below, this application and Limbic's appeal are dismissed because, having treated this appeal as a hearing *de novo*, I nevertheless find that Limbic's evidence does not demonstrate use of the Mark, within the meaning of subsection 4(1) of the Act, in association with the goods specified in the Registration during the relevant period.

## II. Background

[4] Limbic is a Canadian corporation and the registered owner of the Registration. The Registration has been registered since January 28, 1994, in association with the goods "electric lighting fixtures" [the Registered Goods].

[5] At the request of the Respondent, Lutron Electronics Co., Inc. [Lutron], the Registrar issued a notice to Limbic under section 45 of the Act on September 21, 2021 [the Notice]. The Notice required Limbic to show use of the Mark in Canada in association with the Registered Goods at any time within the three-year period immediately preceding the date of the Notice, *i.e.*, September 21, 2018, to September 21, 2021 [the Relevant Period].

[6] In response to the Notice, Limbic provided a statutory declaration of Justin Love, the Chief Executive Officer [CEO] of Limbic, dated April 19, 2022 [the Declaration], which attached screenshots from Limbic’s website (both current and archived).

### III. Legislative Framework

[7] If a registered owner of a trademark receives notice from the Registrar under section 45 of the Act, the registered owner must provide an affidavit or statutory declaration showing use of the trademark in Canada at any time during the three-year period immediately preceding the date of the notice. The registered owner must demonstrate use regarding all goods or services specified in the registration, or those that the notice specifies; otherwise, the registered owner must provide the date the trademark was last in use and the reason for the absence of use (s 45(1) of the Act).

[8] Subsection 4(1) of the Act defines “use” in relation to goods as follows:

#### **When deemed to be used**

**4 (1)** A trademark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.

#### **Quand une marque de commerce est réputée employée**

**4 (1)** Une marque de commerce est réputée employée en liaison avec des produits si, lors du transfert de la propriété ou de la possession de ces produits, dans la pratique normale du commerce, elle est apposée sur les produits mêmes ou sur les emballages dans lesquels ces produits sont distribués, ou si elle est, de toute autre manière, liée aux produits à tel point qu’avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.

[9] If the registered owner fails to show the requisite use of the trademark regarding any or all of the associated goods and services, then (barring special circumstances that excuse this absence) the registration of the trademark will be expunged or amended unless the registered owner successfully appeals such a decision in this Court (ss 45(3), (5) of the Act). Section 56 of the Act affords such right of appeal.

#### IV. Decision under Review

[10] In the Decision (cited as *Lutron Electronics Co, Inc v Limbic Media Corporation*, 2024 TMOB 032), the Registrar concluded that Limbic had not established use of the Mark in Canada in association with the Registered Goods during the Relevant Period. The Registrar found that Limbic failed to meet the definition of “use” under section 4 of the Act, because the Registrar was not satisfied that, during the Relevant Period, Limbic transferred the Registered Goods in the normal course of trade in Canada or used the Mark in association with the Registered Goods.

[11] The Registrar found the Declaration did not provide evidence demonstrating the transfer of Limbic’s goods during the Relevant Period. The Registrar noted that evidence of actual sales must be provided to establish use and that advertising alone is insufficient. The Registrar acknowledged Mr. Love’s statement in the Declaration that such sales occurred but found this statement insufficient given the lack of documentary evidence or factual particulars to support the claim.

[12] The Registrar also concluded that Limbic failed to demonstrate use of the Mark in association with the Registered Goods. The Registrar found the evidence failed to demonstrate

that the Mark appeared on the Registered Goods or their packaging. The Registrar also rejected Limbic's submission that the Registrar should refer to the online versions of the printed webpages attached to the Declaration, citing subsection 45(2) of the Act that limits the Registrar to considering only evidence within the affidavit or statutory declaration required by subsection 45(1) of the Act. Moreover, the Registrar did not find that the available evidence suggested the online versions would establish that the Mark appeared on the Registered Goods or their packaging.

[13] The Registrar further rejected Limbic's submission that display of the Mark on Limbic's website established the Mark was associated with the Registered Goods at the time of transfer, because the Registrar could not infer from the evidence that customers could purchase the Registered Goods from the website.

[14] Based on this analysis, the Registrar decided to expunge the Registration.

V. Issues

[15] This matter raises the following issues:

- A. What is the standard of review applicable to this appeal?
- B. If the applicable standard of review entitles Limbic to a hearing *de novo*, does the evidence establish use of the Mark in relation to the Registered Goods during the Relevant Period? Otherwise, does the Decision withstand scrutiny under the applicable standard of review?

## VI. Analysis

### A. *What is the standard of review applicable to this appeal?*

[16] In *Centric Brands Holding LLC v Stikeman Elliott LLP*, 2024 FC 204, this Court explained as follows the general principles governing the standard of review in section 56 appeals:

22. The standard of review for appeals under section 56 of the Act is generally the appellate standard of review (*Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at paras 36-52; *Clorox Company of Canada, Ltd v Chloretec SEC*, 2020 FCA 76 [*Clorox*] at paras 22-23). For questions of mixed fact and law, this is the standard of palpable and overriding error; for pure questions of law, the standard is correctness (*Housen v Nikolaisen*, 2002 SCC 33).

23. Palpable means an obvious error, while an overriding error is one that affects the decision-maker's conclusion (*Clorox* at para 38). Palpable and overriding error is a highly deferential standard of review, while the correctness standard applies no deference to the underlying decision-maker (*Clorox* at para 23; *Tokai of Canada Ltd v Kingsford Products Company, LLC*, 2021 FC 782 [*Tokai*] at para 22).

24. However, where an applicant leads new evidence in an appeal of a decision of the Registrar, this can result in a different standard of review. The Court must first consider the materiality of the evidence and determine whether the evidence is sufficiently substantial, significant and probative that it would have a material effect on the Registrar's decision (*Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 53; *Clorox* at para 21; *Seara Alimentos Ltda v Amira Enterprises Inc*, 2019 FCA 63 [*Seara*] at para 23). This is a preliminary analysis, intended to assess whether the new evidence, because of its significance and probative value, could have had a bearing on a finding of fact or the exercise of discretion by the Registrar. It is not intended to assess whether the new evidence would necessarily change the outcome (*Seara* at paras 23-25).

25. To be material, new evidence must add something of significance to the evidence that was before the Registrar (*Vass v*

*Leef Inc*, 2022 FC 1192 at para 27). New evidence may be material if it fills gaps or remedies a deficiency identified by the Registrar (*IPack BV v McInnes Cooper*, 2023 FC 243 at para 9).

26. If the new evidence is material, the Court must review on a correctness standard that portion of the decision to which the evidence applies and make its own determination on the basis of the whole of the evidence. The Court is then not limited to finding a reviewable error in the Registrar's decision. Rather, the appeal is in the nature of a hearing *de novo* with the benefit of the additional evidence (*Clorox* at para 21; *Seara* at para 22).

[17] In support of this appeal, Limbic has filed an affidavit sworn by its CEO, Mr. Love, on May 24, 2024 [the Affidavit], which it argues represents material new evidence that is sufficient to invoke the correctness standard, such that this appeal should be conducted on a *de novo* basis.

[18] While Lutron argues that the appeal should be dismissed, it acknowledges the materiality of the new evidence and agrees that the correctness standard applies.

[19] Given this acknowledgement by Lutron, I need not analyse the materiality of the new evidence in significant detail. I agree with the parties that the new evidence in the Affidavit, including the exhibits thereto, meets the threshold of materiality necessary to invoke the correctness standard. This evidence includes not only additional Internet evidence (which was the sort of documentary evidence appended to the Declaration), but also a number of invoices and sales reports related to sales of Limbic's products during the Relevant Period. This evidence remedies a deficiency identified by the Registrar, at least insofar as it is relevant to establishing the existence of transactions during the Relevant Period.

[20] I will therefore treat this appeal as a hearing *de novo*, taking into account all the evidence adduced by Limbic in assessing whether it has demonstrated use of the Mark in association with the Registered Goods during the Relevant Period.

B. *If the applicable standard of review entitles Limbic to a hearing de novo, does the evidence establish use of the Mark in relation to the Registered Goods during the Relevant Period?*

[21] The outcome of this appeal turns significantly on the meaning of “use” of a trademark pursuant to subsection 4(1) of the Act. The parties agree that trademark use in association with goods (as opposed to services) can be demonstrated in three different ways, all taking place in the normal course of trade: (a) if the trademark is marked on the goods themselves; (b) if the trademark is marked on the packages in which the goods are distributed; or (c) if the trademark is in any other manner so associated with the goods that notice of the association is given to the person to whom the property in or possession of the goods is transferred.

[22] Consistent with the language of subsection 4(1), for each of these three means of demonstrating use, the required marking or association must be at the time of the transfer of the property in or possession of the goods (*Riches, Mckenzie & Herbert v Pepper King Ltd*, 2000 CanLII 16133 (FCTD) [*Pepper King*] at para 14).

[23] At the hearing of this appeal, Limbic’s counsel helpfully acknowledged that Limbic is not arguing that the Mark was marked either on the Registered Goods or on their packaging when they were transferred during the Relevant Period. Rather, Limbic relies on the third means of demonstrating trademark use. It argues that the combination of Internet evidence, invoices, and



sales reports, as appended to and explained in the Declaration and the Affidavit, demonstrates sales of electric lighting fixtures to Limbic's customers during the Relevant Period and that the Mark was, at the time of transfer of title or possession, so associated with those goods that notice of that association was thereby given to the customers.

[24] Limbic is in the business of selling interactive lighting systems, which employ input from music and other audio to produce dynamic light shows, often involving custom designed lighting assemblies. Its customer base is principally comprised of business improvement associations and managers of public events.

[25] The parties do not necessarily agree on which components of Limbic's products constitute "electric lighting fixtures" within the meaning of the Registration. In the Affidavit, Mr. Love describes Limbic's products as typically including a lighting controller, wires, and electric lighting fixtures for mounting on structures at a customer's location. Limbic takes the position that all components of these systems that can be characterized as electric lighting fixtures and therefore Registered Goods, while Lutron argues that the Registered Goods include only the components that emit light. However, Limbic's invoices and sales reports clearly demonstrate sales of their systems in Canada during the Relevant Period. Therefore, regardless of whether the entire system or only certain components thereof represent electric lighting fixtures, the evidence establishes that Limbic sold electric lighting fixtures during the Relevant Period.

[26] In concluding that the Declaration did not show that Limbic's goods were transferred in the normal course of trade in Canada during the Relevant Period, the Registrar did not have the

benefit of Limbic's invoices and sales reports. I have no difficulty finding, based on the new evidence, that such transfers occurred. Indeed, I do not understand Lutron to be arguing that the evidence now available does not demonstrate sales by Limbic of electric lighting fixtures during the Relevant Period.

[27] Rather, the principal dispute between the parties surrounds whether the evidence demonstrates that, at the time of Limbic's transfer to its customers of either property in or possession of its products, the Mark was so associated with the goods that its customers were then given notice of that association.

[28] In support of such association, Limbic relies significantly upon its Internet evidence but also upon the invoices appended to the Affidavit. The Internet evidence includes pages from Limbic's website and its Facebook account, which represent depiction and advertising of Limbic's products, as well as media publicity generated by its customers' use of its products. Limbic emphasizes that these materials are replete with use of the word AURORA in connection with its lighting systems and components thereof.

[29] By way of example, Limbic's website includes a page that depicts a chandelier, immediately below the word AURORA, followed by a textual description that begins as follows: "The Chandelier, powered by Aurora, is an interactive 3D volumetric hanging fixture. ..." The Affidavit also appends a media article, published during the Relevant Period, reporting on the use of the "...interactive chandelier called Aurora, created by Victoria's Limbic Media" at a local event.

[30] Limbic also relies on a number of invoices, issued to customers during the Relevant Period, that employ the term “Aurora” in connection with certain system components identified therein.

[31] Limbic argues that its evidence demonstrates means by which the Mark’s association with its products is achieved both before and after the purchase, installation, and use of its products. To bolster that argument, Limbic also submits that it is artificial to describe the sale of its products as occurring at a particular point in time. It argues that, given the nature of its business model that includes not only the sale but also Limbic’s design and installation of its products for its customers, its transactions represent a process that extends over a period of time. Limbic contends that, through its customers’ exposure to its Mark throughout that process, as a result of the Mark appearing on its website and invoices and being publicly associated with Limbic’s products, Limbic has provided the notice of association between the Mark and its products necessary to constitute use within the meaning of subsection 4(1) of the Act.

[32] I do not find Limbic’s arguments particularly compelling. Limbic has not referenced any authority supporting its submission that use for purposes of subsection 4(1) can be established in the manner it suggests. Moreover, as will be explained below, its position is inconsistent with authorities that address efforts to rely on advertising or the issuance of invoices to establish use of a trademark in connection with goods.

[33] As Limbic correctly submits, the threshold to establish use in a section 45 proceeding is quite low, and evidentiary overkill is not required. However, Limbic nevertheless bears the

burden to adduce sufficient evidence to allow the Registrar (or, in the case of an appeal, the Court) to find use of its Mark in connection with the Registered Goods (*Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 10). As Justice Ann Marie McDonald explained in *International Name Plate Supplies Limited v Marks & Clerk Canada*, 2021 FC 611 [*International Name Plate*], although the burden upon a party responding to a section 45 notice is low, it is still a burden. While the evidence does not have to be perfect, it must nevertheless be clear and unambiguous (at para 20).

[34] As previously noted, in order to constitute trademark use through the third means of establishing use under subsection 4(1), a mark's association with goods must give notice of that association, to the person to whom the property in or possession of the goods is transferred, at the time of such transfer (my emphasis). I appreciate that, because of the complexity of Limbic's lighting systems and Limbic's involvement in the design and installation of its systems, its transactions with its customers involve a process that may extend over a period of time. However, this does not mean that the transfer of the property in or possession of the goods does not occur at a particular point in time.

[35] Identifying the relevant point in time may on occasion be a complex analysis, involving application of the relevant commercial legal principles to the facts of the particular transaction, and (taking into account the particular type of transactions at issue in the matter at hand) it may be that property in or possession of different components of a product may transfer at different points in time. However, in my view, Limbic bears the burden of establishing this timing and

satisfying the Court that notice of its Mark's association with its goods was given to its customers at the relevant time. Limbic has made no material effort to satisfy that burden.

[36] Lutron correctly emphasizes that, in order for an invoice to establish use of a mark in association with goods for purposes of subsection 4(1), the evidence must show that the invoice accompanied the goods at the time of transfer (*Pepper King* at paras 13-18; *International Name Plate* at paras 24-32). Limbic has adduced no evidence that speaks to this point.

[37] Indeed, in relation to many of the invoices, which bear the title "Deposit Invoice", Mr. Love testified in cross-examination that invoices of this nature represent a request for a deposit from a customer so that Limbic can begin work on the customer's project. These invoices clearly were not sent at the time of transfer of title to or possession of the goods. There are other invoices in the record, which are not described as Deposit Invoices, but Mr. Love's evidence does not speak to the timing or manner of their provision to Limbic's customers. As such, regardless of whether the invoices can be characterized as employing the term "Aurora" in connection with lighting system components that qualify as electric light fixtures, they do not assist Limbic in demonstrating use of the Mark within the meaning of subsection 4(1) of the Act.

[38] In relation to the Internet evidence, the authorities upon which Lutron relies establish that, while the required association between a trademark and a vendor's goods can be achieved through display of the mark on a website, this occurs when the purchase takes place through the website. As Lutron submits, a transaction that occurs in this manner achieves the necessary notice of association between the mark and the goods, at the time of transfer, because the

purchaser is confronted with the mark at that time. In the Decision, the Registrar referenced authorities to this effect from the Trademarks Opposition Board. In *Sherzady v Norton Rose Fullbright Canada LLP/s.e.n.c.r.l, s.r.l*, 2022 FC 1712 [*Sherzady*], at para 26, Justice Christine Pallotta explained the required analysis as follows:

Mr. Sherzady argues that use of a trademark in association with goods is established when a customer can order the goods from a website that displays the trademark, relying on *Baker v Endress+Hauser Gro's up Services AG*, 2021 TMOB 284 and *Fraser Milner Casgrain LLP v LG Electronics Inc*, 2014 TMOB 232. He submits the 2022 Affidavit shows that during the Relevant Period, the Watchfinder business offered jewellery and watches for sale through a website that prominently displayed the WATCHFINDER trademark. However, evidence that jewellery and watches were offered for sale is insufficient to demonstrate use of the WATCHFINDER trademark with those goods, in the absence of any evidence of actual purchases from the websites during the Relevant Period: *JC Penney Co v Gaberdine Clothing Co*, 2001 FCT 1333 at paras 75-76. The 2022 Affidavit does not establish that customers purchased watches or jewellery online during the Relevant Period. The watch receipts attached to the affidavit indicate they were generated from a register, which suggests that these were in-store purchases.

[39] This reasoning is consistent with the more general principle that advertising of goods in association with a trademark does not alone constitute use of the mark (*JC Penney Co Inc v Gaberdine Clothing Co Inc*, 2001 FCT 1333 at paras 75-76).

[40] In reply, Limbic argues that the authorities upon which Lutron relies are distinguishable, because the evidence establishes that (unlike in those authorities) there were transactions in the case at hand involving sale of the Registered Goods during the Relevant Period. I disagree that these authorities can be distinguished on this basis. For instance, the above excerpt from *Sherzady* demonstrates that there were sales in that case. However, those sales took place in-store

and therefore did not assist the trademark owner in establishing use of its mark by displaying it on its website.

[41] Having considered Limbic's evidence and arguments, I am not satisfied that it has met its burden, however light, to establish use of the Mark in association with the Registered Goods during the Relevant Period. As such, this application and appeal will be dismissed.

VII. Costs

[42] At the hearing of this application, counsel consulted and agreed on the quantification of costs that should be imposed depending on the application's outcome. The parties agreed that, if the appeal were to be dismissed, costs in the lump-sum amount of \$7000.00, all-inclusive, should be awarded to Lutron. I accept that this is a reasonable figure, and my Judgment will award this amount to Lutron as proposed.

**JUDGMENT IN T-939-24**

**THIS COURT'S JUDGMENT is that:**

1. This application and the Applicant's appeal are dismissed.
2. The Respondent is awarded lump-sum all-inclusive costs of \$7000.00.

"Richard F. Southcott"

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Judge



**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-939-24

**STYLE OF CAUSE:** LIMBIC MEDIA CORPORATION v. LUTRON  
ELECTRONICS CO., INC.

**PLACE OF HEARING:** VANCOUVER, BRITISH COLUMBIA

**DATE OF HEARING:** DECEMBER 10, 2024

**JUDGMENT AND REASONS:** SOUTHCOTT J.

**DATED:** DECEMBER 16, 2024

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