

Federal Court



Cour fédérale

Date: 20110729

Docket: T-2116-10

Citation: 2011 FC 967

Ottawa, Ontario, July 29, 2011

PRESENT: The Honourable Mr. Justice Russell

BETWEEN:

HORTILUX SCHREDER B.V.

Appellant

and

IWASAKI ELECTRIC CO. LTD.

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] This is an appeal by Hortilux Schreder B.V. (Hortilux Schreder, Appellant or Opponent), pursuant to section 56 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act), of the decision of a member of the Trade-marks Opposition Board (Member), dated 27 October 2010 (Decision). The Member rejected Hortilux Schreder's opposition to the registration, by Iwasaki Electric Co. Ltd. (Iwasaki or Respondent), of the trade-mark HORTILUX.

- [2] Hortilux Schreder seeks:
- a. a declaration that the Member erred in rejecting the Appellant's opposition with respect to Application Serial No. 1,064,360 for the trade-mark HORTILUX;
 - b. an order allowing this appeal and reversing the Decision of the Member and holding that the Respondent's trade-mark HORTILUX is not registrable and not distinctive and that the Respondent is not the person entitled to registration of that trade-mark;
and
 - c. costs of this appeal.

BACKGROUND

[3] Hortilux Schreder asserts that, since March 1997, it has used the trademark and trade-name HORTILUX in association with lighting apparatus and lamp reflectors for the horticultural industry.

[4] On 23 June 2000, Iwasaki applied to register the trade-mark HORTILUX in association with "electric lamps" (i.e., light bulbs), based on use in Canada since at least 31 December 1997. The electric lamps sold by Iwasaki are targeted to the horticultural industry.

[5] Hortilux Schreder filed a Statement of Opposition on 31 May 2002, opposing Iwasaki's trade-mark application. The Appellant alleged, *inter alia*, that, Iwasaki had contravened s. 30(b) of the Act by not using the trade-mark HORTILUX in Canada in association with the wares since 31 December 1997. It also alleged that, pursuant to s. 16(1)(a) of the Act, Iwasaki is not the person entitled to registration since, at its alleged date of first use, the trade-mark was confusing with

Hortilux Schreder's trade-marks HORTILUX and HORTILUX SCHREDER, which had been used previously and which continue to be used in Canada in association with the wares of Hortilux Schreder.

[6] The Member dismissed Hortilux Schreder's appeal. This is the Decision under appeal.

DECISION UNDER APPEAL

Opposition Based on Subsection 16(1)

[7] During the proceedings before the Member, Hortilux Schreder argued that Iwasaki was not the person entitled to registration since, at the alleged date of first use, the trade-mark was confusing with the Hortilux Schreder's trade-marks HORTILUX and HORTILUX SCHREDER, which had been previously used in Canada in association with lighting reflectors.

[8] To meet its burden of showing that it had used the trade-marks in question in Canada in association with the wares, Hortilux Schreder first adduced affidavit evidence in the form of invoices for the purchase of lighting reflectors in Canada, the earliest of which was dated 26 August 1997. The Member noted that the trade-marks did not appear in the body of the invoices and that there was no evidence that the trade-marks appeared on the wares or on their packaging.

[9] Hortilux Schreder then adduced affidavit evidence that, under the terms of the licence agreement with its subsidiaries, Hortilux Schreder had control over the character and quality of the wares. The Member noted that the licence agreement itself was not in evidence and that the affiant,

Mr. de Leeuw, did not explain how such control was exercised or what steps were taken to ensure the character and quality of the wares provided. The Member concluded:

I am therefore of the view that, even had the Opponent shown use of its marks, such use would not have inured to its benefit, pursuant to s. 50(1) of the Act.

For all of these reasons, I find that the Opponent has not established use of its trade-marks in Canada. Accordingly this ground is dismissed.

[10] With respect to confusion, the Member noted that the earliest evidence (an invoice) adduced by Hortilux Schreder to demonstrate use of the trade-name HORTILUX SCHREDER in Canada was dated 6 April 1999. As this date is beyond Iwasaki's claimed date of first use (that is, 31 December 1997), the member found that Hortilux Schreder had failed on this ground as well.

Opposition Based on Section 30(b)

[11] During the proceedings before the Member, Hortilux Schreder argued that Iwasaki had not used its mark in Canada in association with the wares since 31 December 1997 and therefore had failed to comply with s. 30(b) of the Act. Hortilux Schreder introduced evidence that Iwasaki's use of the trade-mark in association with the wares appeared for the first time on a website of an Iwasaki subsidiary, namely Eye Lighting International of North America Inc. (Eye Lighting), on 12 October 1999, two years after Iwasaki's claimed date of first use. The Member found that this evidence put Iwasaki's claimed date of first use at issue.

[12] Iwasaki responded by adducing affidavit evidence that its subsidiary, Eye Lighting, had sold wares to its main customer, Standard Products Inc., on 31 December 1997. The affiant, Mr.

Thomas, stated that, to the best of his recollection, the trade-mark would have been displayed on the wares and on their packaging.

[13] Hortilux Schreder challenged this evidence. It stated that, pursuant to s. 4(1) of the Act, a trade-mark is deemed used if, *inter alia*, it is associated with the wares at the time of the transfer of possession of the wares in the normal course of trade. Given that possession of the wares could not be transferred until the wares were received by Standard Products, the date of first use would have to be the date on which Standard Products received the wares and not 31 December 1997, which was the date on which Eye Lighting took the order for the wares. Hortilux Schreder further argued that it was unlikely that Eye Lighting (located in Cleveland) would take the order on one day and that Standard Products (located in Quebec) would receive it on the same day. As Iwasaki had adduced no evidence to prove otherwise, 31 December 1997 could not be presumed to be the date of first use.

[14] However, Iwasaki did adduce evidence that two units of the wares were sold for zero value to Standard Products on 15 October 1997 and that the trade-mark appeared on these wares and on their packaging. The Member acknowledged that zero-value sales have been regarded as use in the normal course of trade, as long as there are subsequent patterns of sales of the items. See *Canadian Olympic Association v Pioneer Kabushiki Kaisha* (1992), 42 CPR (3d) 470, 1992 CarswellNat 1476 [*Canadian Olympic*] (TMOB). She concluded as follows:

[A]lthough the sale of December 31, 1997 may not be substantiated by evidence showing that the shipment arrived in Canada on that day, I am satisfied that the Applicant had in fact used its Mark in Canada two months prior to the claimed date of first use, which led

to the subsequent sale of the Wares between these parties on December 31, 1997.

Accordingly, I find that the Applicant has met its legal onus establishing compliance with the requirements of s. 30(b) of the Act. This ground of opposition is therefore dismissed.

ISSUES

[15] The Appellant raises the following issues in this appeal:

- a. Whether correctness is the appropriate standard of review;
- b. Whether the Member erred in rejecting the Appellant's ground of opposition based on s. 16 of the *Trade-marks Act*; and
- c. Whether the Member erred in rejecting the Appellant's ground of opposition based on s. 30(b) of the *Trade-marks Act*.

STATUTORY PROVISIONS

[16] The following provisions of the Act are applicable in these proceedings:

When deemed to be used

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

Quand une marque de commerce est réputée employée

4. (1) Une marque de commerce est réputée employée en liaison avec des marchandises si, lors du transfert de la propriété ou de la possession de ces marchandises, dans la pratique normale du commerce, elle est apposée sur les marchandises mêmes ou sur les colis dans lesquels ces marchandises sont distribuées, ou si elle est, de toute autre manière, liée aux marchandises à tel point

possession is transferred.

qu'avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.

[...]

[...]

Registration of marks used or made known in Canada

Enregistrement des marques employées ou révélées au Canada

16. (1) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that he or his predecessor in title has used in Canada or made known in Canada in association with wares or services is entitled, subject to section 38, to secure its registration in respect of those wares or services, unless at the date on which he or his predecessor in title first so used it or made it known it was confusing with

16. (1) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce qui est enregistrable et que le requérant ou son prédécesseur en titre a employée ou fait connaître au Canada en liaison avec des marchandises ou services, a droit, sous réserve de l'article 38, d'en obtenir l'enregistrement à l'égard de ces marchandises ou services, à moins que, à la date où le requérant ou son prédécesseur en titre l'a en premier lieu ainsi employée ou révélée, elle n'ait créé de la confusion :

(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person

a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne

Previous use or making known

Emploi ou révélation antérieur

(5) The right of an applicant to secure registration of a registrable trade-mark is not affected by the previous use or making known of a confusing trade-mark or trade-name by another person, if the confusing trade-mark or trade-name was abandoned at the date of advertisement of the applicant's

(5) Le droit, pour un requérant, d'obtenir l'enregistrement d'une marque de commerce enregistrable n'est pas atteint par l'emploi antérieur ou la révélation antérieure d'une marque de commerce ou d'un nom commercial créant de la confusion, par une autre personne, si cette

application in accordance with section 37.

marque de commerce ou ce nom commercial créant de la confusion a été abandonné à la date de l'annonce de la demande du requérant selon l'article 37.

[...]

[...]

Contents of application

Contenu d'une demande

30. An applicant for the registration of a trade-mark shall file with the Registrar an application containing

30. Quiconque sollicite l'enregistrement d'une marque de commerce produit au bureau du registraire une demande renfermant :

[...]

[...]

(b) in the case of a trade-mark that has been used in Canada, the date from which the applicant or his named predecessors in title, if any, have so used the trade-mark in association with each of the general classes of wares or services described in the application

b) dans le cas d'une marque de commerce qui a été employée au Canada, la date à compter de laquelle le requérant ou ses prédécesseurs en titre désignés, le cas échéant, ont ainsi employé la marque de commerce en liaison avec chacune des catégories générales de marchandises ou services décrites dans la demande

[...]

[...]

Licence to use trade-mark

Licence d'emploi d'une marque de commerce

50. (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is

50. (1) Pour l'application de la présente loi, si une licence d'emploi d'une marque de commerce est octroyée, pour un pays, à une entité par le propriétaire de la marque, ou avec son autorisation, et que celui-ci, aux termes de la licence, contrôle, directement ou indirectement, les caractéristiques ou la qualité des marchandises et services, l'emploi, la publicité ou l'exposition de la

deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

marque, dans ce pays, par cette entité comme marque de commerce, nom commercial — ou partie de ceux-ci — ou autrement ont le même effet et sont réputés avoir toujours eu le même effet que s'il s'agissait de ceux du propriétaire.

ARGUMENTS

The Appellant

The Appropriate Standard of Review is Correctness

[17] Hortilux Schreder submits that, as a result of the new evidence filed on this appeal, the Decision should be reviewed on a correctness standard. In *Molson Breweries, A Partnership v John Labatt Ltd*, [2000] 3 FC 145, 5 CPR (4th) 180 at paragraph 51, the Federal Court of Appeal determined the standard of review applicable on appeal from a decision of the Registrar. It stated:

Having regard to the Registrar's expertise, in the absence of additional evidence adduced in the Trial Division, I am of the opinion that decisions of the Registrar, whether of fact, law or discretion, within his area of expertise, are to be reviewed on a standard of reasonableness *simpliciter*. However, where additional evidence is adduced in the Trial Division that would have materially affected the Registrar's findings of fact or the exercise of his discretion, the Trial Division judge must come to his or her own conclusion as to the correctness of the Registrar's decision.

[18] The Appellant submits that its new evidence specifically addresses the Member's concerns and would have materially affected her findings that, first, that the Appellant had not established use of the trade-mark HORTILUX and, second, that any use of the trade-mark HORTILUX would not have inured to the Appellant's benefit because the Appellant had failed to explain how it exercises

control over the character and quality of the wares sold by its licensees. For this reason, the Court should undertake its own analysis of this matter.

The Member Erred in Adjudicating the Subsection 16(1) Arguments

Prior Use

[19] The Appellant contends that its evidence, including the new evidence filed on appeal, establishes its use of the trade-mark HORTILUX prior to Iwasaki's alleged date of first use of 31 December 1997. At the Opposition Hearing, the Appellant attempted to demonstrate that it had used the trade-marks in question in Canada in association with the wares by adducing affidavit evidence in the form of invoices for the purchase of lighting reflectors in Canada, the earliest of which was dated 26 August 1997. The Member found the invoices unpersuasive, in part, because the trade-marks did not appear in the body of the invoices.

[20] According to the jurisprudence, the Member was in error. The Exchequer Court, in *Gordon A. MacEachern Ltd v National Rubber Co* (1963), 41 CPR 149 at 157, 1963 CarswellNat 20 [*National Rubber*], found that the display of a trade-mark on an invoice that accompanies wares is considered "use" in association with the wares, pursuant to s. 4(1) of the Act, if the trade-mark and the wares are associated to a point that the receiver would thereby have notice of the association. The jurisprudence of other tribunals establishes several relevant factors when considering if a trade-mark appearing at the top of an invoice is associated with the wares referenced in the invoice. For example, the trademark should be prominent. See *Gowling Lafleur Henderson LLP v Bulova Watch Co* (2006), 51 CPR (4th) 470 at paragraphs 14 and 18, 2006 CarswellNat 1234 (TM Bd). It should

not be used in the context of corporate identification but rather should stand apart from the corporate address and contact information. See *88766 Canada Inc v Phillips*, 2008 TCC 48, 2008 CarswellNat 2206 at paragraph 19 (TM Bd). It should be clear to the purchaser of the wares that the trademark is associated with the wares. See *88766 Canada Inc v Texinvest Inc*, 2008 CarswellNat 767 at paragraphs 12 and 14 (TM Bd). No other trademark should appear on the invoice in association with the wares. See *Messrs Stewart McKelvey Stirling Scales v Peninsula Farm Ltd*, 2006 CarswellNat 4228 at paragraph 9 (TM Bd). The Appellant submits that the invoices in question meet all of these relevant factors and, therefore, establish the Appellant's prior use of the HORTILUX trade-mark.

[21] The Appellant's new evidence includes the affidavit of Marco Brok, who has been employed by the Appellant since March 1997 and who is now the manager of research and development. Mr. Brok stated that one of the Appellant's distributors, P.L. Light Systems Canada Inc. (P.L. Light Systems) has been importing lighting fixtures since March 1997 and that the Appellant as well as its Canadian customers refer to the Appellant's company and products simply as HORTILUX.

The Prior Use of the Trademark Inures to the Appellant's Benefit

[22] The Appellant argues that, when a trade-mark owner sells its wares associated with the trade-mark to a distributor in Canada, the trade-mark is considered to be "used" in Canada by the trade-mark owner. Therefore, by selling its products directly to its Canadian distributor, P.L. Light Systems, the Appellant uses the mark in Canada; it need not rely upon s. 50(1) of the Act and the

use by a third party inuring to its benefit. See *Manhattan Industries Inc v Princeton Manufacturing Ltd* (1971), 4 CPR (2d) 6 at 16-17, 1971 CarswellNat 513 (FCTD). The Member erred in assuming that s. 50 was applicable to all of the “use” of HORTILUX described in the Appellant’s evidence. She failed to recognize that the Appellant’s evidence established use by the Appellant (not simply use by a licensee), to which the requirements of s. 50(1) are not applicable.

Confusion

[23] The Appellant argues that the trade-mark HORTILUX, for which Iwasaki applied in association with electric lamps, is confusing with the Appellant’s own trade-mark HORTILUX, which was already in use in association with light reflectors. The Member failed to consider the issue of confusion, which must be considered *de novo* in this appeal.

[24] Subsection 6(5) of the Act defines five circumstances in which one trade-mark will be considered confusing with another. The Appellant asserts that the five circumstances are present in the instant case. First, HORTILUX is a coined term and highly distinctive. Second, the Appellant had used the trade-mark HORTILUX in Canada as early as August 1997, which is prior to the Respondent’s earliest possible date of first use in October 1997. Third, each party’s wares relate to lighting for the horticultural industry. Iwasaki seeks to register HORTILUX for electric lamps targeted to the horticultural industry. Hortilux Schreder sells lighting apparatus and lighting reflectors (which hold electric lamps) for the horticultural industry in association with the trade-mark HORTILUX. Fourth, the wares of one party could easily be used with the wares of the other. For example, the Respondent’s HORTILUX bulbs could be used in the Appellant’s HORTILUX

reflectors. Fifth, the trade-marks are identical. The Respondent is, therefore, not entitled to register the trade-mark in association with lamps.

The Member Erred in Adjudicating the Section 30(b) Arguments

[25] The Member found, relying in part on *Canadian Olympic*, above, that Iwasaki had established its alleged date of first use as a result of a sale of two wares for zero value two months before the claimed date of first use, even though Iwasaki never asserted that the transaction occurred in the normal course of trade.

[26] In so doing, the Member misstates the law, incorrectly applies the *Canadian Olympic* decision and misapprehends the evidence. In *Canadian Olympic*, the Member determined that the distribution of free samples by the applicant was in the normal course of trade based on evidence regarding the normal course of trade of the applicant and the purpose of the free samples, which was to inform and promote the product with a view to obtaining orders from customers. Other tribunals have held that “giveaway” wares *per se* are not considered to be use in the normal course of trade. See 88766 *Canada Inc v Spinnakers Brew Pub Inc* (2005), 48 CPR (4th) 70 at paragraph 11, 2005 CarswellNat 2914 (TM Bd) [*Spinnakers Brew Pub*]; and *Aird & Berlis LLP v Levi Strauss & Co* (2005), 45 CPR (4th) 397 at paragraph 9, 2005 CarswellNat 2555 (TM Bd) [*Levi Strauss*].

Accordingly, Iwasaki was required to adduce evidence that the 15 October 1997 transaction for zero value was in the normal course of trade, but it failed to do so. Moreover, the Appellant argues that Iwasaki’s reliance on the 31 December 1997 transaction as evidence of its use of the trade-mark in

the normal course of trade suggests that the earlier transaction is anything but. Iwasaki adduced no new evidence on this point, therefore its application should be refused.

The Respondent

The Appropriate Standard of Review is Reasonableness

[27] The Supreme Court of Canada has confirmed that the appropriate standard of review on an appeal under s. 56 of the Act is reasonableness. See *Mattel Inc v 3894207 Canada Inc*, (2006), 49 CPR (4th) 321 at 341, 2006 CarswellNat 1400 [*Mattel*]. The Court must consider whether the tribunal's decision can withstand "a somewhat probing" examination and is not "clearly wrong." See *Mattel*, above at 341.

[28] Where fresh evidence is submitted on appeal, the Court must consider the extent to which this fresh evidence adds anything of probative value. If it is not probative, the Court should adopt a deferential standard. See *Philip Morris Inc v Imperial Tobacco Ltd* (1987), 17 CPR (3d) 289, 1987 CarswellNat 701 (FCA).

[29] In the instant case, the Appellant submitted fresh evidence consisting of affidavits from Marco Brok, Kendrik Westerhoff and Edwin de Gier. The Respondent submits that this evidence adds nothing substantially different from that which was before the Member. Mr. Brok's affidavit is silent as to how the trade-mark HORTILUX was used in association with the wares, and his evidence regarding continuing use through reference to the Appellant's website is not persuasive. Mr. Westerhoff's and Mr. de Gier's statements pertain to events occurring after 2004 and therefore

are too late in time to be relevant to the issues on appeal. Consequently, the appropriate standard of review is reasonableness.

The Member's Decision Was Reasonable

Subsection 16(1)

[30] The Member states at paragraphs 47 and 48 of her Decision that the Appellant has failed to meet the onus on it to adduce evidence of its use of the trade-mark HORTILUX in Canada prior to 31 December 1997 in association with the wares or the packaging. The only evidence that the Appellant put forward were the three invoices that were part of Mr. de Leeuw's affidavit. All three of the invoices refer to "HORTILUX Assimilatiebelichting." The affiant states that these invoices "accompanied" wares sent to the Appellant's Canadian subsidiary, but he does not explain what that means. Indeed, the invoices state that they were "delivered with packing list," which suggests to the Respondent that they were not delivered with the wares. Also, the affiant does not disclose the position he held in the Canadian subsidiary in 1997 which, presumably, would qualify him to speak to these matters. It is impossible to conclude from this affidavit that the criteria of s. 4(1) of the Act were met.

[31] The Respondent further submits that the use of a trade-mark on an invoice cannot simply be presumed to constitute use in association with wares described in the invoice. See *National Rubber*, above. A significant factor is its position on the invoice. See *Tint King of California Inc. v Canada (Registrar of Trade-marks)*, 2006 FC 1440, [2006] FCJ No 1808. The tribunal in *Sterling & Affiliates v ACB Dejac SA* (1994), 58 CPR (3d) 540, 1994 CarswellNat 3082 (TMOB) held that use

of the trademark at the top of the invoice (as occurred in this case) did not constitute use in association with the wares at the time of transfer of the wares in the normal course of trade; rather it constituted use as a trade-name. (The Respondent notes that the Appellant has not alleged prior use of the trade-name HORTILUX as a ground of opposition.) The Member made appropriate and reasonable findings regarding the position of the trade-mark on the invoices.

Section 30(b)

[32] The Appellant relies on *Spinnakers Brew Pub*, above, and *Levi Strauss*, above, to argue that it was incumbent on the Respondent to provide evidence establishing that the 15 October 1997 transfer of wares was in the normal course of trade. The Respondent argues that these cases are distinguishable from the instant case. In *Spinnakers Brew Pub*, the wares distributed as “giveaways” included coasters and matches; in *Levi Strauss*, they consisted of notebooks, albums and placemats. In both cases, the tribunal found that the distribution of these wares did not constitute use in the normal course of trade because the free distribution of these wares were not carried out in anticipation of securing orders and sales of such wares. In the instant case, however, it is clear from the evidence that the 15 October 1997 zero-value transaction was not carried out as a simple “giveaway” but rather for the purpose of securing a future order, which it did successfully on 31 December 1997. Therefore, the use commencing with the 15 October 1997 transaction was use in the normal course of trade. The Member’s findings on this point are sound.

The Appellant Has Abandoned the Trade-mark HORTILUX

[33] The Respondent argues that the Appellant has failed to show use of the trade-mark HORTILUX in Canada prior to the material date of 31 December 1997. However, even if it had demonstrated prior use, pursuant to s. 16 it must also show non-abandonment as of the date on which the Application was advertised, namely 9 January 2002. It has failed to do so. Subsequent to December 1997, the Appellant abandoned the trade-mark HORTILUX in favour of HORTILUX SCHREDER. In light of this, the Respondent submits that the Member's Decision on this ground was entirely reasonable. Contrary to the Appellant's assertions, she did not misstate or misapply the law nor did she misapprehend the evidence.

ANALYSIS

Standard of Review

[34] At the oral hearing of this matter, it became clear that there is no real dispute between the parties regarding the applicable standard of review. In general, the reasonableness standard will apply as provided by the Supreme Court of Canada in *Mattel*, above, at paragraph 40:

Given, in particular, the expertise of the Board, and the “weighing up” nature of the mandate imposed by s. 6 of the Act, I am of the view that despite the grant of a full right of appeal the appropriate standard of review is reasonableness. The Board's discretion does not command the high deference due, for example, to the exercise by a Minister of a discretion, where the standard typically is patent unreasonableness (e.g. *C.U.P.E. v. Ontario (Minister of Labour)*, [2003] 1 S.C.R. 539, 2003 SCC 29, at para. 157), nor should the Board be held to a standard of correctness, as it would be on the determination of an extricable question of law of general importance (*Chieu v. Canada (Minister of Citizenship and Immigration)*, [2002] 1 S.C.R. 84, 2002 SCC 3, at para. 26). The intermediate standard

(reasonableness) means, as Iacobucci J. pointed out in *Ryan*, at para. 46, that “[a] court will often be forced to accept that a decision is reasonable even if it is unlikely that the court would have reasoned or decided as the tribunal did”. The question is whether the Board’s decision is supported by reasons that can withstand “a somewhat probing” examination and is not “clearly wrong”: *Southam Inc.*, at para. 60.

[35] Where additional evidence is adduced before the Court, the Federal Court of Appeal provide the following guidance in *Molson Breweries*, above, at paragraph 51:

Having regard to the Registrar’s expertise, in the absence of additional evidence adduced in the Trial Division, I am of the opinion that decisions of the Registrar, whether of fact, law or discretion, within his area of expertise, are to be reviewed on a standard of reasonableness *simpliciter*. However, where additional evidence is adduced in the Trial Division that would have materially affected the Registrar’s findings of fact or the exercise of his discretion, the Trial Division judge must come to his or her own conclusion as to the correctness of the Registrar’s decision.

Section 30(b) Issues

[36] The Member found that the Respondent had established its alleged date of first use. The Member’s reasoning on this issue is challenged in this appeal and I think it would help to quote the relevant parts of the Decision:

39. I now turn to the Opponent’s submissions in which it argues that even if the Mark was in fact displayed on the Wares at the time of transfer, the earliest possible date of first use would be the date on which the Wares were received by Standard Products Inc. in Canada. The Opponent contends that it would be unlikely that such an order would be placed with a company in Cleveland, Ohio (Eye Lighting) on December 31, 1997 and shift to a company in T.M.R. Québec (Standard Products Inc.) on that same day. As I understand it, T.M.R. stands for the Town of Mount Royal in Montréal, Québec.

40. During the course of Mr. Ward’s cross-examination it is learned that:

- He has no first-hand knowledge of the December 31, 1997 invoice at Exhibit B (q. 44 and 46);
- He has no first-hand knowledge of the shipment referred to in the invoice dated December 31, 1997 (q. 47-48);
- He cannot say for sure what the term “order date” on that invoice stands for, but believes it to be the day after the shipment leaves Eye Lighting’s Plant (q. 53, 55, 57, 59 and 60);
- He has no idea when the December 31, 1997 shipment to Standard Products Inc. arrived at destination (q. 62);
- The Applicant took under advisement a request for production of documents showing receipt by Standard Products Inc. of the December 31, 1997 shipment (q. 63, 64 and 65). The Applicant’s response to this question was “Not available.”

41. Pursuant to s. 4 (1) of the Act, in order for use to be considered at the time of transfer, there must be a transfer of possession. Entering into an agreement or placing an order for wares is not considered use [*Bilsom International Ltd. v. Cabot Corp.* (1991), 36 C.P.R. (3d) 92 (T.M.O.B.)]. In the case of *Manhattan Industries Inc. v. Princeton Manufacturing Ltd.*, (1971) for C.P.R. (2d) 6 (F.C.T.D.) it was held that possession did not transfer until the Canadian recipient of goods have actual possession. Thus, in the present circumstances of this case, free use of the Mark to have occurred in Canada on December 31, 1997, evidence that the shipment has arrived at destination on that date should have been provided, which is not the case.

42. Nevertheless, I bear in mind Exhibit F to the Thomas affidavit which is a copy of Eye Lighting’s internal records, disclosing that two units of the Wares were sold for zero value to Standard Products Inc. on October 15, 1997. Although the sale is for zero value, such transactions have been regarded as used in the normal course of trade, as long as there are subsequent patterns of sales of the items, which is the case here [see *Canadian Olympic Association v. Pioneer Kabushiki Kaisha* (1992), 42 C.P.R. (3d) 470 (T.M.O.B.)]. Mr. Thomas further attests that to the best of his recollection, the wares sold to Standard Products Inc. on October 15,

1997 would have displayed the Mark on the Wares and on their packaging. Consequently, although the sale of December 31, 1997 may not be substantiated by evidence showing that the shipment arrived in Canada on that date, I am satisfied that the Applicant had in fact used its Mark in Canada two months prior to his claim date of first use, which led to the subsequent sale of the Wares between these parties on December 31, 1997.

43. Accordingly, I find that the Applicant has met its legal onus establishing compliance with the requirements of s. 30(b) of the Act. This ground of opposition is therefore dismissed.

[37] From this it is apparent that the Respondent was unable to establish use in Canada on December 31, 1997 in the usual way. Nevertheless, the Registrar decided to rely upon Exhibit F to the Thomas affidavit (a copy of Eye Lightning's internal records disclosing that two units of the wares were sold to Standard Products on October 15, 1997 for zero value).

[38] The evidence from Mr. Thomas regarding Canadian sales reads as follows:

11. According to my companies records, 2 units of the Wares were sold (for zero value) to Standard Products Inc. ("SPI") on October 15, 1997. Attached as Exhibit "F" is an internal record of this transaction.

12. My company sold 36 units of the Wares to SPI on December 31, 1997, in the normal course of trade. Attached as Exhibit "G" is a copy of an invoice of the sale.

13. To the best of my recollection, the Wares sold to SPI on October 15, 1997 and December 31, 1997 would have displayed:

a. The HORTILUX monogram on the bulb itself; and,

b. The HORTILUX sleeve graphic on the lamp sleeves.

Certainly, since my company had both the HORTILUX monogram and the HORTILUX sleeve graphic ready for use as of the fall of

1997, there is no reason why they would not have displayed on the Wares sold to SPI on October 15, 1997, and December 31, 1997.

[39] The interesting thing about this evidence is that, in paragraph 12, Mr. Thomas makes it clear that the units sold on December 31, 1997, were sold “in the normal course of trade.” He does not, however, in paragraph 11 say that the two units sold for zero value to Standard Products were sold in the normal course of trade. Obviously, then Mr. Thomas was aware of section 4(1) of the Act and that he needed to provide evidence of “normal course of trade” transactions because he speaks of this in paragraph 12. In paragraph 11 he does not say that the zero value sales were made in the normal course of trade and he does not say that they led to, or encouraged, the December 31, 1997 sales. Nor does he say that the 2 zero-value sales were shipped or sent to Canada.

[40] Exhibit F to the Thomas affidavit, which is an internal document recording the sales, does not fill in the blanks left by Mr. Thomas’ affidavit. So the Member rejected the December 31, 1997 invoice provided by Mr. Ward as evidence of s. 4(1) use in Canada because it does not show that the shipment arrived; yet she accepts that s. 4(1) use in Canada is established on the basis of an Eye Lightning internal record of zero value sales that does not reveal: (a) whether the zero value sales were normal course of trade sales; (b) whether the sales lead to or encouraged subsequent sales; or (c) whether the zero value units were shipped or arrived in Canada. And Mr. Thomas does not tell us these things.

[41] As a justification for her conclusions in this matter, the Member relies upon the *Canadian Olympic Association* case, above, for the proposition that “although the sale is for zero value, such

transactions have been regarded as use in the normal course of trade, as long as there are subsequent patterns of sales of the items, which is the case here....”

[42] In *Canadian Olympic Association*, the Opposition Board determined that the distribution of free samples by the applicant in that case was in the normal course of trade based on evidence regarding the normal course of trade of the applicant, and the purpose of the free samples that were provided. In particular, the evidence before the Opposition Board in the *Canadian Olympic Association* case established that it was the regular practice of the applicant to provide its distributor with free samples of new products for marketing, informational and promotional purposes with a view to obtaining orders from customers:

According to Mr. Vinzenz, the one player and five magazines were sent to Mr. Vinzenz' company as samples prior to the first regular shipments of the goods. In paragraph 9 of his second affidavit, Mr. Vinzenz states that his company normally receives a small number of sample units of a new product from the applicant prior to the receipt of a regular stocking shipment. The samples are used for marketing, informational and promotional purposes with a view to obtaining orders from customers. As one of the replies to undertakings given during the cross-examination of Mr. Vinzenz on his second affidavit, Mr. Vinzenz confirmed that this practice of sending samples of new products to Mr. Vinzenz' company at no charge was in existence in 1986. [Emphasis added.]

[43] As a result of the evidence, the Opposition Board in the *Canadian Olympic Association* case found that the distribution of the free samples in the particular circumstances of that case constituted use in the normal course of trade:

The issue then becomes whether or not the shipment of sample products by the applicant to its Canadian subsidiary constituted use of the applied for trade-mark in the normal course of trade. Where samples are shipped from a company to its Canadian distributor in advance of regular shipments of the goods for marketing, informational and promotional purposes and this is the regular

practice of the parties and where the Canadian distributor then takes delivery of regular shipments of the goods and makes normal commercial sales of the goods, I consider that the transfer of the possession of the sample goods to the Canadian distributor constitutes use of the trade-mark in the normal course of trade. In other words, the facts in this case support the conclusion that the transfer of the sample goods was part of a dealing in the goods for the purpose of acquiring goodwill and profits from the trade-marked goods. [Emphasis added]

[44] Other case law confirms that giving away wares for free *per se* is not considered to be use in the normal course of trade. See 88766 *Canada Inc. v Spinnakers Brew Pub Inc.* (2005), 48 CPR (4th) 70 at paragraph 11 (T.M. Bd.) and *Aird & Berlis LLP v Levi Strauss & Co.* (2005), 45 CPR (4th) 397 at paragraph 9 (T.M. Bd.).

[45] Accordingly, it was incumbent on the Respondent to provide evidence establishing that the October 15, 1997 transfer of wares for zero value was in the normal course of trade. However, the Respondent's evidence does not provide:

1. Any statement that the October 15, 1997 transaction was in the normal course of trade;
2. Any explanation regarding what constitutes the normal course of trade with respect to the wares in issue, and specifically whether the normal course of trade involves the providing of wares for zero value;
3. Any explanation regarding whether the providing of wares for zero value was part of the regular practice of the parties; or
4. Any explanation regarding the purpose of the zero value wares provided to Standard Products Inc. on October 15, 1997, including whether it was intended that wares would be used for marketing, informational and/or promotional purposes.

[46] Indeed, the Respondent's evidence suggests that the position of the zero value wares was not in the normal course of trade. As noted above, the Thomas affidavit does not assert that the provision of the zero value wares on October 15, 1997 was in the normal course of trade. By contrast, his affidavit specifically relies upon a different transaction (the December 31, 1997 invoice) as being "in the normal course of trade." This discrepancy suggests that the October 15, 1997 transaction was not in the normal course of trade.

[47] It seems clear, then, that not all zero value sales can be regarded as use in the normal course of trade. The Member skates over this issue and does not explain how the evidence before her in this case can support a conclusion that the zero value sales upon which she relied could, reasonably speaking, be regarded as normal course of business sales that establish use in Canada by the Respondent.

[48] On this point, then, I think I have to agree with the Appellant that the Decision is unreasonable because, had the Member fully considered the evidence, she could not have reasonably concluded that the October 15, 1997 provision of wares for zero value were normal course of business sales that enabled the Respondent to establish its claimed date of first use. This means then, because the Respondent has not filed any new evidence on this appeal regarding its claimed date of first use, the Respondent's Trade-mark Application should be refused as failing to comply with s. 30(b) of the Act.

Subsection 16(1)(a) – Prior Use

[49] The Member rejected the Appellant's s. 16(1)(a), prior use opposition as follows:

46. The Opponent has pleaded that the Applicant is not the person entitled to registration since at the date of first use alleged in the Applicant's application, the Mark was confusing with the Opponent's trade-marks HORTILUZ and HORTILUX SCHREDER which have been previously used in Canada. I note that this ground fails to allege the specific wares in association with which the Opponent claims having used its marks. Nonetheless, in view of the evidence of record, I can infer that the Opponent is referring to lighting reflectors (see paragraph 5 of the de Leeuw affidavit).

47. In order to meet its initial burden, the Opponent must evidence use of its trade-marks in Canada prior to December 31, 1997. In this regard, Mr. de Leeuw claims that such lighting fixtures have been imported into Canada by his company since long before December 31, 1997. Appended as Exhibit B to his affidavit are representative invoices between P.L Light and Hortilux B.V. which he states accompanied the lighting reflectors imported into Canada. The release invoice is dated August 26, 1997. Although Mr. de Leeuw indicates that the sample invoices accompanied the lighting reflectors, I note that the trade-marks do not appear in the body of these invoices with respect to these reflectors. It is worth also noting that Mr. de Leeuw fails to indicate whether the trade-marks appeared, if at all, on the wares or their packaging.

48. Furthermore, the specimens provided in Exhibit D, namely a business card, letterhead and promotional material, do not show the manner in which the trade-marks HORTILUX and HORTILUX SCHREDER have been used on lighting reflectors, nor do they qualify as proper specimens establishing use pursuant to section 4(1) of the Act.

49. Moreover, although Mr. de Leeuw provides a statement of fact that under the terms of the license agreement, Hortilux Schreder B.V. has control over the character and quality of said lighting fixtures and reflectors, I note that the license agreement was not filed in evidence. Furthermore, Mr. de Leeuw does not attempt to explain how such control is exercised nor does he explain the steps taken to ensure the character and quality of the wares provided [see *Pernod Ricard v. Molson Canada* 2005 (2007) 60, C.P.R. (4th) 338 (T.M.O.B.)]. I am therefore the view that, even had the Opponent

shown use of its marks, such use would not have enured to its benefit, pursuant to section 50(1) of the Act.

50. For all of these reasons, I find that the Opponent has not established use of its trade-marks in Canada. Accordingly this ground is dismissed.

[50] On this issue, the Respondent concedes that all the Appellant needs to prove is direct use of the trade-marks in Canada through sales to P.L. Light Systems, the Appellant's Canadian license. The Respondent agrees that the s. 50(1) issue is something of a "red-herring." In the end, the Respondent says that it all comes down to what the four invoices in Exhibit B of Mr. de Leeuw's sworn affidavit of 28 February 2003 can be said to establish. Mr. de Leeuw was not cross-examined on his affidavit and the new evidence in the form of Mr. Brok's affidavit goes to license use and control.

[51] On this point, I am essentially in agreement with the Appellant's account of the law and its criticism of the Decision.

[52] Section 16(1)(a) of the *Trade-marks Act* provides:

Registration of marks used or made known in Canada

16. (1) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that he or his predecessor in title has used in Canada or made known in Canada in association with wares or services is entitled, subject to section 38, to secure

Enregistrement des marques employées ou révélées au Canada

16. (1) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce qui est enregistrable et que le requérant ou son prédécesseur en titre a employée ou fait connaître au Canada en liaison avec des marchandises ou

its registration in respect of those wares or services, unless at the date on which he or his predecessor in title first so used it or made it known it was confusing with

services, a droit, sous réserve de l'article 38, d'en obtenir l'enregistrement à l'égard de ces marchandises ou services, à moins que, à la date où le requérant ou son prédécesseur en titre l'a en premier lieu ainsi employée ou révélée, elle n'ait créé de la confusion :

(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;

a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;

[53] As noted above, the Member dismissed the Appellant's prior use (s. 16) ground of opposition based on its findings that the Appellant had not established use of the trade-mark HORTILUX or established that use of the trade-mark HORTILUX would have enured to the benefit of the Appellant.

[54] It seems to me that the Appellant's evidence, including the new evidence filed on this appeal, establishes prior use of the trade-mark HORTILUX by the Appellant and that the trade-mark HORTILUX sought to be registered by the Respondent was confusing with the Appellant's trade-mark HORTILUX as of the Respondent's date of first use. Accordingly, the Respondent's Trade-mark Application should be refused pursuant to s. 16 of the *Trade-marks Act*.

The Appellant's Use of the Trade-mark HORTILUX

Invoices

[55] The Member summarily rejected the invoices in Exhibit "B" of the de Leeuw Affidavit with only one sentence of analysis:

[47] ...Although Mr. de Leeuw indicates that the sample invoices accompanied the lighting reflectors, I note that the trade-marks do not appear in the body of the invoices with respect to these reflectors [sic]. Opposition Board Decision at para. 47, AR, Tab 2, p. 20.

[56] In my view, the Member erred in law in making this finding as a result of her failure to consider relevant jurisprudence establishing that a trade-mark appearing at the top of an invoice can constitute "use" of that mark in association with wares referenced in the invoice.

[57] Section 2 of the *Trade-marks Act* provides that:

"use", in relation to a trade-mark, means any use that by section 4 is deemed to be a use in association with wares or services; *Trade-marks Act*, s. 2 (definition of "use").

« emploi » ou « usage » À l'égard d'une marque de commerce, tout emploi qui, selon l'article 4, est réputé un emploi en liaison avec des marchandises ou services.

[58] Section 4(1) of the *Trade-marks Act* provides:

4. (1) A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are

4. (1) Une marque de commerce est réputée employée en liaison avec des marchandises si, lors du transfert de la propriété ou de la possession de ces marchandises, dans la pratique normale du commerce, elle est apposée sur les marchandises

<p>distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.</p>	<p>mêmes ou sur les colis dans lesquels ces marchandises sont distribuées, ou si elle est, de toute autre manière, liée aux marchandises à tel point qu’avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.</p>
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[59] The display of a trade-mark on an invoice that accompanies wares is considered “use” in association with the wares if the trade-mark and the wares are associated to a point that the receiver would thereby get notice of the association.

[60] The jurisprudence establishes that several factors are relevant when considering if a trade-mark appearing at the top of an invoice is associated with the wares referenced in the invoice.

[61] One important factor is the prominence of the trade-mark at the top of the invoice. In *Gowling Lafleur Henderson LLP v Bulova Watch Co.* (2006), 51 CPR (4th) 470 at paragraphs 14, 18, the Trade-mark Board found that display of a trade-mark at the top of an invoice constituted use in association with wares as a result of the prominence of the trade-mark and the stylized manner in which it was displayed:

Given Mr. Neitzel’s statement that the invoices accompany the wares, if the words ART OF TIME, as they appear at the top of the invoice, are perceived as a trade-mark associated with the invoiced clocks, rather than as a trade-name or as a service mark, then the evidence would serve to maintain “clocks” in the registration.

...

I find the present case to be more similar to the *Road Runner* case, than to either the *Datel* or *Sunnyfresh* cases. I am satisfied that the

mark of ART OF TIME appeared in greater prominence and created a distinctive element of the corporate name Art of Time Ltd. and that, though an address of the licensee is included in the invoice, it does not merely identify the licensee's address, but predominantly sets out and distinguishes the mark. It is therefore reasonable to accept that parties receiving the invoices in the accompaniment of a grandfather clock would interpret ART OF TIME as a trade-mark that distinguished the clock from the clocks of others. [Emphasis added]

[62] In *88766 Canada Inc. v Phillips*, 2008 CarswellNat 2206 at paragraph 19 (T.M. Bd.), the Trade-mark Board took into account that a trade-mark appearing at the top of an invoice was not used with a corporate address or telephone number, and that it did not appear from the invoices that the goods of more than one manufacturer were being sold:

In the subject proceeding, I am inclined to accept that the requisite notice of association has been shown between the mark and the wares, based on a combination of several factors. First, the Mark appears prominently placed at the top of the invoices, in very large font, and is not used in the context of corporate identification, i.e. with a corporate address and/or telephone number, etc. Furthermore, it does not appear from the invoices that the goods of more than one manufacturer are being sold. I therefore find it reasonable to assume that a purchaser would perceive that the mark is being used in association with the wares listed in the invoice. [Emphasis added]

[63] In *88766 Canada Inc. v Texinvest Inc.*, 2008 CarswellNat 767 at paragraphs 12, 14 (T.M. Bd.), the Trade-mark Board took into account the specific purchaser of the invoiced wares in finding that the that a trade-mark appearing at the top of an invoice constituted use in association with the wares:

I note further that the sample invoice provided is marked in large clear letters at the top of the invoice with KID COOL COLLECTIONS. KID COOL appears in large letters; the word COLLECTIONS appears in smaller letters underneath KID COOL.

...

In my view, in the subject proceeding, the purchaser would clearly understand that the wares listed in the invoice were being sold as the KID COOL line of clothing. This is particularly so, because the purchaser in this case is not the end-consumer but a retail establishment; I find it reasonable to assume that said purchaser would have some familiarity with the clothing wholesale and distribution business and would understand that the trade-mark is being used in association with a “collection” of clothes that is to say for a number of clothing items under the same brand. [Emphasis added]

[64] In *Messrs. Stewart McKelvey Stirling Scales v. Peninsula Farm Ltd.*, 2006 CarswellNat 4228 at paragraphs 12, 14 (T.M. Bd.), the Trade-mark Board took into account that no other trade-mark appeared in the invoice in association with the wares being sold:

Further, I also accept that the display of the trade-mark PENINSULA FARM at the top of each invoice would also be perceived as a use of the trade-mark in association with the wares being sold considering that the registrant is the manufacturer and that no other trade-mark appears in association with the wares being sold. [underline added]

[65] In the present case, the Member did not consider any of the factors discussed in the above jurisprudence in reaching her conclusion that the invoices in Exhibit “B” of the de Leeuw Affidavit do not establish use. Accordingly, the Member erred in law by failing to apply the correct legal test for “use” under the *Trade-marks Act*, failing to apply the appropriate jurisprudence, and failing to take into account relevant factors in determining whether “use” had been established. As a result, the issue of whether the invoices in Exhibit “B” of the de Leeuw Affidavit establish “use” of the trade-mark HORTILUX must be considered by the Court *de novo*, applying the relevant factors.

[66] The invoices in Exhibit “B” of the de Leeuw Affidavit are from the Appellant (using its previous name Hortilux B.V.) to its Canadian distributor, P.L. Light Systems. The invoices

accompanied, and pertained to, HORTILUX lighting reflectors imported into Canada by P.L. Light Systems.

[67] Upon consideration of the relevant factors, the invoices in Exhibit “B” of the de Leeuw affidavit establish use of the trade-mark HORTILUX in association with lighting reflectors. I agree with the Appellant that virtually every factor referred to in the jurisprudence discussed above supports a finding of “use” in the present case:

1. The trade-mark HORTILUX appears in very large font (different from the surrounding text) and in a stylized form with design elements (different from the surrounding text), and is therefore prominent and distinguished from other matter in the invoice;
2. It is clear that HORTILUX at the top of the invoices is a reference to the trade-mark HORTILUX as opposed to the company name. Indeed, the company name “Hortilux B.V.” appears separately, immediately above the company’s address;
3. The recipient of the goods, P.L. Light Systems, is not an end consumer, but rather a distributor, who would have familiarity with the Appellant’s business, and would therefore understand that HORTILUX is distinguishing the source of the reflectors referred to in the invoice from the reflectors of others;
4. The only wares referenced in each invoice are reflectors. Thus it is clear that the goods of only one manufacturer are being sold;
5. No other trade-mark appears in the invoices (whether in the body or otherwise).

[68] Accordingly, the invoices in Exhibit “B” of the de Leeuw affidavit establish prior use by the Appellant of the trade-mark HORTILUX.

Schematic Diagrams

[69] In addition to the invoices referenced above, the Appellant also applied its HORTILUX trade-mark to schematic diagrams that were provided to P.L. Light Systems in the normal course of promoting and selling its HORTILUX products. It is noteworthy that the schematic diagrams attached to the Brok Affidavit were sent to P.L. Light Systems in July 1997, and that the Appellant’s HORTILUX reflectors were provided to P.L. Light Systems the following month, in August 1997.

Testimony of Mr. Brok Regarding Prior Use

[70] The Appellant’s prior use of the trade-mark HORTILUX is further supported by the testimony of Mr. Brok, who was an employee of the Appellant during the relevant time-period, and who personally visited P.L. Light Systems in Canada in 1997. Mr. Brok’s affidavit includes statements that:

1. P.L. Light Systems has imported HORTILUX lighting fixtures and HORTILUX lighting reflectors into Canada since March 1997.
2. Continuously since 1997, both the Appellant as well as its Canadian customers have often referred to the Appellant’s company and its products simply as HORTILUX.

Conclusion Regarding Prior Use

[71] In view of the foregoing, the Court finds that the Appellant has established use of its trade-mark HORTILUX prior to the Respondent's alleged date of first use of December 31, 1997.

Prior Use of HORTILUX Enures to the Appellant's Benefit

[72] Section 50(1) of the *Trade-marks Act* provides as follows:

50(1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the license, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

50. (1) Pour l'application de la présente loi, si une licence d'emploi d'une marque de commerce est octroyée, pour un pays, à une entité par le propriétaire de la marque, ou avec son autorisation, et que celui-ci, aux termes de la licence, contrôle, directement ou indirectement, les caractéristiques ou la qualité des marchandises et services, l'emploi, la publicité ou l'exposition de la marque, dans ce pays, par cette entité comme marque de commerce, nom commercial — ou partie de ceux-ci — ou autrement ont le même effet et sont réputés avoir toujours eu le même effet que s'il s'agissait de ceux du propriétaire.

[73] When a trade-mark owner sells its wares associated with the trade-mark to a distributor in Canada, the trade-mark is considered to be "used" in Canada by the trade-mark owner. As such, the Appellant, through its sales of its products directly to its Canadian distributor P.L. Light Systems,

has used the mark itself in Canada, and need not rely upon Section 50 of the Act and the use by a third party enuring to its benefit.

[74] However, the Member concluded that any use of the trade-mark HORTILUX would not have enured to the benefit of the Appellant pursuant to s. 50(1) of the *Trade-marks Act* on the following basis:

[49] Moreover, although Mr. de Leeuw provides a statement of fact that under the terms of the licence agreement, Hortilux Schreder B.V. has control over the character and quality of said lighting fixtures and reflectors, I note that the licence agreement was not filed in evidence. Furthermore, Mr. de Leeuw does not attempt to explain how such control is exercised nor does he explain the steps taken to ensure the character and quality of the wares provided [see *Pernod Ricard v. Molson Canada 2005* (2007) 60, C.P.R. (4th) 338 (T.M.O.B.)]. I am therefore of the view that, even had the Opponent shown use of its marks, such use would not have enured to its benefit, pursuant to s. 50(1) of the Act.

[75] Thus, it seems to me that the Member wrongly assumed that s. 50(1) was applicable to all of the “use” of HORTILUX described in the Appellant’s evidence. The Member failed to recognize that the Appellant’s evidence established direct use by the Appellant (not through a licensee) to which the requirements of s. 50(1) are not applicable.

[76] More specifically, the Appellant’s evidence established two different “uses” of the trade-mark HORTILUX:

1. The Appellant exports HORTILUX lighting reflectors into Canada to P.L. Light Systems who distributes the products; and
2. In certain cases, P.L. Light Systems assembles the HORTILUX lighting reflectors with lighting components and distributes them throughout North America.

[77] It is only the latter “use” which could arguably engage the requirements of Section 50(1) of the *Trade-marks Act*.

[78] However, s. 50(1) simply does not apply to the export of HORTILUX lighting reflectors into Canada by the Appellant.

[79] Furthermore, with respect to the use of the trade-mark HORTILUX under license by P.L. Light Systems, the Brok affidavit directly addresses the Member’s concern that the Appellant’s evidence of control was not sufficiently detailed.

[80] Accordingly, it is my view that the Appellant’s and P.L. Light Systems’ use of the trade-mark HORTILUX enures to the benefit of the Appellant.

Confusion

[81] In considering the Appellant’s s. 16 ground of opposition, it is necessary to consider whether the applied-for trade-mark HORTILUX in association with “electric lamps” was confusing with the Appellant’s trade-mark HORTILUX, which had been previously used in association with lighting reflectors, as of the Respondent’s date of first use. However, as a result of the Member’s failure to find that the Appellant had used the trade-mark HORTILUX, she did not consider the issue of confusion. As such, the issue of confusion must be considered *de novo* by the Court.

[82] Section 6 of the *Trade-marks Act* defines when a trade-mark is to be considered confusing with another trade-mark. Subsection 6(5) specifically provides the following factors to be considered in determining confusion:

<p>6(5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including</p>	<p>6(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris :</p>
<p>(a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;</p>	<p>a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;</p>
<p>(b) the length of time the trade-marks or trade-names have been in use;</p>	<p>b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;</p>
<p>(c) the nature of the wares, services or business;</p>	<p>c) le genre de marchandises, services ou entreprises;</p>
<p>(d) the nature of the trade; and</p>	<p>d) la nature du commerce;</p>
<p>(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.</p>	<p>e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux dans la présentation ou le son, ou dans les idées qu'ils suggèrent.</p>

[83] Upon consideration of these factors, it is clear that the applied for trade-mark HORTILUX was confusing with the Opponent's trade-mark HORTILUX as of the Respondent's date of first use for the following reasons:

1. The trade-mark HORTILUX is a coined word and possesses a high degree of inherent distinctiveness;
2. The Appellant had used the trade-mark HORTILUX in Canada since at least as early as August 1997, which is before the Appellant's earliest possible date of first use in October 1997;
3. The Parties' wares both relate to lighting for the horticultural industry. In particular, the Respondent's Trade-mark Application seeks to register HORTILUX for electric lamps (i.e. light bulbs), and the evidence establishes that the Respondent's electric lamps are targeted to the horticultural industry. The Appellant sells lighting apparatus and lighting reflectors (which hold electric lamps) for the horticultural industry in association with the trade-mark HORTILUX;
4. The wares of one party could easily be combined and used with the wares of the other. For example, the Respondent's HORTILUX bulbs could potentially be used in the Appellant's HORTILUX reflectors;
5. As set out in the Brok and de Leeuw affidavits, the trade-mark HORTILUX is used by P.L. Light Systems under license in association with the Appellant's fixtures and reflectors that are assembled with other lighting components (e.g. bulbs). Therefore, there is direct overlap between the parties' respective wares that are sold in association with HORTILUX;
6. The applied for trade-mark HORTILUX is identical to the Appellant's trade-mark HORTILUX.

[84] Accordingly, it is submitted that the Respondent is not the person entitled to register the trade-mark HORTILUX in association with electric lamps, and the Respondent's Trade-mark Application should be refused based on ss. 16 and 38(2)(c) of the *Trade-marks Act*.

[85] The Respondent chose not to cross-examine Mr. de Leeuw on his affidavit but, at the hearing before me, attempted to raise suspicions regarding the Appellant's evidence. The Respondent says that the invoices show different addresses for delivery and invoicing and this raises doubts as to whether the invoices actually did accompany the wares. My examination of the invoices suggests that it is by no means clear whether the addresses are really different. They both say 183 South Service Road, unit 2, L3M 4GE Grimsby Ontario Canada. The only difference is that the invoice address adds PO Box 206. If this had required an explanation, then the Respondent could easily have obtained one by cross-examining Mr. de Leeuw. Mr. de Leeuw is clear in his affidavit that the invoices accompanied the wares:

Attached hereto and marked as Exhibit B to this my Affidavit are copies of representative invoices dated August 26, 1997; September 12, 1997 and October 2, 1997 between P.L. Light Systems Canada Inc. and Hortilux B.V. These invoices accompanied lighting reflectors which were imported into Canada by my company.

[86] The Respondent further seeks to cast suspicion on Mr. de Leeuw's evidence by questioning the meaning of the word "accompanied" in this paragraph. In this context, however, I think I have to give the word its normal "go with" meaning (see *The Canadian Oxford Dictionary*). I do not think the Respondent can decline to cross-examine a witness on some point and then say that a word could mean something other than its normal meaning before the Court. The same goes for other attempts by the Respondent to cast doubt on the significance of the invoices without the benefit of

cross-examination. Looked at on their face and in conjunction with Mr. de Leeuw's affidavit, I believe they establish the requisite use and that for the Member to say otherwise is unreasonable.

Non-Abandonment

[87] The Respondent also says that the Appellant has not established non-abandonment. The Respondent says that to "establish non-abandonment of the trade-Mark HORTILUX, the Appellant must demonstrate that it was still using the trade-Mark HORTILUX as of the date of advertisement of the subject application, namely January 9, 2002."

[88] I do not believe that this is a correct statement of the law. The Respondent has included the case of *Philip Morris Inc. v Imperial Tobacco Ltd.* (1987), 17 CPR (3d) 289 (FCA) in its book authorities. That case teaches as follows at page 298:

It is established law that "mere non-use of a trade mark is not sufficient to create abandonment. That non-use must also be accompanied by an intention to abandon": Cattnach J. in *Marineland Inc. v. Marine Wonderland and Animal Park Ltd.* [1974] 2 F.C. 558, 574 (1974) 16 C.P.R. (2d) 97, 110-1. Fox provides the reason for the rule as follows (The Canadian Law of Trade Marks and Unfair Competition, 3rd ed., p. 280):

Mere non-use of a trade mark is not of itself sufficient to create abandonment for non-use may be satisfactorily explained. There must be present an intention to abandon.

[89] The evidence before the Court in this appeal does not suggest any intention on the part of the Appellant to abandon HORTILUX at the material date.

[90] On this appeal, the Appellant has filed the following new evidence that was not before the Member:

1. The affidavit of Marco Brok, manager of research and development for the Appellant;
2. The affidavit of Edwin de Gier, project manager for Prins Greenhouses (a customer of the Appellant in British Columbia); and
3. The affidavit of Kendrick Westerhoff, president and owner of Cedarway Floral Inc. (a customer of the Appellant in Ontario).

[91] The Respondent did not file any new evidence, nor did it cross-examine on any of the above-noted affidavits filed by the Appellant.

[92] A summary of the Appellant's new evidence is provided below.

Evidence Relating to Use of the Trade-mark HORTILUX

[93] Marco Brok has been Manager of Research and Development for the Appellant since approximately mid-2001. He has been working with the company since it began operating under the name Hortilux B.V. in or around March 12, 1997.

[94] Mr. Brok confirms that since he began working with the Appellant (in March 1997), the Appellant's distributor P.L. Light Systems has imported into Canada HORTILUX lighting apparatus and HORTILUX lamp reflectors from the Appellant. P.L. Light Systems both sells

HORTILUX lighting apparatus and lamp reflectors as received and assembles HORTILUX products with additional lighting components and distributes them throughout North America.

[95] In Exhibit “D” of his affidavit, Mr. Brok provides schematic drawings for HORTILUX products, which were provided to P.L. Light Systems in Canada by facsimile by no later than July 26, 1997. The Appellant typically prepares such schematic drawings and provides the same to a customer showing a light plan layout for approval by the customer before providing HORTILUX products to the customer. At the bottom-left corner of the schematic drawings, the trade-mark HORTILUX appears in large capital letters.

[96] Mr. Brok’s affidavit further provides examples of the Appellant’s continuing use of the trade-marks and trade-names HORTILUX and HORTILUX SCHREDER.

[97] For example, the Appellant owns the website at www.hortilux.com and has operated the same since February 1998. The Appellant often refers customers, including Canadian customers, to this website so they can obtain information about the company and its products. Exhibit “C” of Mr. Brok’s affidavit contains printouts of pages from the website www.hortilux.com as they appeared in 1998. As shown on the website at that time, the Appellant refers to the company and its products as HORTILUX.

[98] Mr. Brok also states that continuously since 1997, both the Appellant as well as its Canadian customers have often referred to the Appellant and its products simply as HORTILUX. This evidence is corroborated by the affidavits of customers of the Appellant, namely Edwin de Gier and

Kendrick Westerhoff, Mr. de Gier and Mr. Westerhoff work for Canadian companies that have purchased the Appellant's products during the time periods set out in their respective affidavits, and both confirm that the Appellant's company and products are referred to as HORTILUX.

[99] I am satisfied, then, that the Appellant has established non-abandonment.

Conclusions

[100] Accordingly, I am of the view that the Respondent is not the person entitled to register the trade-mark HORTILUX in association with electric lamps, and the Respondent's Trade-mark Application should be refused based on ss. 16 and 38(2)(c) of the *Trade-marks Act*.

[101] For the reasons given, this appeal must be allowed.

JUDGMENT

THIS COURT’S JUDGMENT is that

1. The Registrar of Trade-marks erred in rejecting the Appellant’s opposition in respect of Trade-mark Application Serial No. 1, 064, 360 for the Trade-mark HORTILUX;
2. Pursuant to section 56 of the *Trade-marks Act*, this application is granted, the Decision of the Registrar of Trade-marks is set aside, and Trade-mark application Serial No. 1, 064, 360 is refused;
3. The Appellant shall have the costs of this application.

“James Russell”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-2116-10

STYLE OF CAUSE: **HORTILUX SCHREDER B.V.**

And

IWASAKI ELECTRIC CO. LTD.

PLACE OF HEARING: Ottawa, Ontario

DATE OF HEARING: June 29, 2011

**REASONS FOR JUDGMENT
AND JUDGMENT** **Russell J.**

DATED: July 29, 2011

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