

Federal Court



Cour fédérale

**Date: 20131011**

**Docket: T-1932-11**

**Citation: 2013 FC 1034**

**Ottawa, Ontario, October 11, 2013**

**PRESENT: The Honourable Mr. Justice O'Reilly**

**BETWEEN:**

**HORTILUX SCHRÉDER B.V.**

**Applicant**

**AND**

**IWASAKI ELECTRIC CO., LTD.**

**Respondent**

**REASONS FOR JUDGMENT AND JUDGMENT**

I. Overview

[1] Both parties have sought to register the trade-mark “Hortilux” in association with lighting equipment used in the horticultural industry. Each party has also opposed efforts by the other to register that mark.

[2] In the first set of proceedings, the respondent, Iwasaki, succeeded in registering the “Hortilux” mark (over the objections of the applicant, Hortilux Schröder) before the Trade-marks

Opposition Board. However, on judicial review, Justice James Russell overturned the Board's decision on the basis that Hortilux Schröder had used the mark first (*Hortilux Schröder BV v Iwasaki Electric Co Ltd*, 2011 FC 967, at paras 54, 89, aff'd *Iwasaki Electric Co Ltd v Hortilux Schröder BV*, 2012 FCA).

[3] In the second set of proceedings, also beginning in 2002, Hortilux Schröder applied to register "Hortilux", claiming to have used that mark since August 1997. Iwasaki opposed Hortilux Schröder's application, arguing that, contrary to the information in its application, Hortilux Schröder had not actually used the mark in Canada during the relevant period. Further, Iwasaki contended that the mark did not meet the statutory requirement of distinctiveness because it was confusing when compared with Iwasaki's mark.

[4] In 2011, the Board refused Hortilux Schröder's application for two reasons. First, it concluded that Hortilux Schröder's use of its corporate name did not constitute use of "Hortilux" alone. Second, both parties were seeking to use the same mark in respect of similar wares, essentially in the same industry; therefore, "Hortilux" was not distinctive.

[5] Hortilux Schröder now seeks judicial review of the Board's decision refusing to register the mark, maintaining that the Board erred in both of its conclusions. Hortilux Schröder has tendered new evidence that it says would have materially affected the Board's findings and asks me to come to different conclusions based on all of the evidence. Alternatively, it asks me find the Board's decision unreasonable. Iwasaki has also filed new evidence.

[6] I find that Hortilux Schröder's new evidence would not have materially affected the Board's decision. That evidence does not help prove that Hortilux Schröder used the trade-mark "Hortilux" during the relevant period, or that the mark is distinctive. Further, the Board's conclusions constituted defensible outcomes based on the evidence before it and the law. They were, therefore, reasonable.

[7] The issues are:

1. Would the new evidence have materially affected the Board's decision?
2. Did the Board err in finding that Hortilux Schröder's claimed period of use was incorrect?
3. Did the Board err in finding that Hortilux Schröder's trade-mark was not distinctive?

## II. The Board's Decision

### 1. The Evidence before the Board

#### (a) *Hortilux Schröder's evidence*

[8] Hortilux Schröder argued before the Board that its use of "Hortilux Schröder" constituted use of "Hortilux". Consumers would likely regard "Schröder" merely as a surname.

#### (i) The Dickinson affidavit

[9] Mr George Dickinson, a sales representative with Hortilux Schröder's Canadian subsidiary, PL Light Systems Canada Inc, explained that Hortilux Schröder has licensed PL Light to use the trade-mark "Hortilux". He pointed out that Hortilux Schröder only sells products to commercial

greenhouses or dealers, either directly or through PL Light. Unlike Iwasaki, neither Hortilux Schröder nor PL Light sells wares to retailers or consumers.

[10] Mr Dickinson confirmed that Hortilux BV changed its name to Hortilux Schröder in 1997. He provided a sample of the packing tape that accompanies products sold in Canada:



[11] The tape displays the company’s location in the Netherlands, its telephone number, and an email address including the word “hortilux” alone. Mr Dickinson also provided samples of pages from the company’s website to show that it is known by the name “Hortilux.”

(ii) The MacIsaac affidavit

[12] Ms Gwendoline MacIsaac, a student-at-law in the office of Hortilux Schröder’s agent, provided evidence about the prevalence of surnames in Canada that resemble “Schröder”. “Schreder” appears only 14 times in the Canada411 directory. “Schröder” (with an accent) did not appear at all. Ms MacIsaac also searched for surnames beginning with “Schre” and ending with “er”, “ers” or “dl” and found 217 individuals or couples. For the similar family name “Schroeder”, she found 1,591 listings, and a further 171 listings for “Schroder”.

(b) *Iwasaki’s evidence*

[13] Iwasaki argued before the Board that Hortilux Schröder had not used “Hortilux” since December 1997, when the company changed its name from Hortilux BV. Further, it contended that “Hortilux” was not distinctive, since Iwasaki also uses that mark in association with similar wares in the same industry.

(i) The Ward affidavit

[14] Mr Keith Ward, president and COO of Iwasaki’s US subsidiary, EYE Lighting International of North America Inc, explained that his company is licensed to sell Iwasaki lamps that display the “Hortilux” trade-mark. It has done so at least since December 31, 1997. The word “Hortilux” is prominently displayed on labels, packing materials, and promotional literature, usually preceded by the word “EYE”.



[15] EYE Lighting also distributes Iwasaki products in Canada through its distributor, Standard Products Inc. Mr Ward provided sales figures for Canada during the years 1997 to 2007, promotional and marketing expenses from 2003 to 2007, as well as samples of marketing materials.

(ii) The Burkhout affidavit

[16] Mr Peter Burkhout, former General Manager of PL Light, Hortilux Schröder’s Canadian subsidiary, stated that he became aware of Iwasaki’s Hortilux products in late 1999. PL Light’s US distributors had been purchasing Iwasaki products even before that. PL Light purchased Iwasaki

“Hortilux” products from Standard Products Inc beginning in 2000 and subsequently sold them in Canada. Managers at Hortilux Schröder were aware of this arrangement.

(iii) The Thomas affidavit

[17] Mr Len Thomas, Marketing Manager for EYE Lighting, explained how Iwasaki’s Hortilux products were developed and advertised from 1997 to 2001. In the summer of 1997, he was involved in the creation of the monogram that would later appear on those products. The artwork was completed in the fall of 1997 and began to appear on Iwasaki products soon thereafter. The monogram used the words “EYE Hortilux”. The first sale of products bearing that mark in the normal course of trade took place on December 31, 1997. Thereafter, the same mark appeared on technical literature and promotional materials. Beginning in 1999, the monogram reduced the prominence of the word “EYE”; the word “Hortilux” became the dominant element. Since 2005, Iwasaki products have been promoted on the website [eyehortilux.com](http://eyehortilux.com).

2. The Board’s Conclusions

[18] The Board first considered whether Hortilux Schröder’s claim to have used the trade-mark “Hortilux” from August 1997 until the date of its application (May 31, 2002) was accurate. Applicants have a statutory obligation to include in their applications the date from which they have “used the trade-mark in association with each of the general classes of wares or services described

in the application” (*Trade-marks Act*, RSC 1985, c T-13, s 30(b); provisions cited are set out in an Annex).

[19] The Board noted that Hortilux Schröder had changed its corporate name from Hortilux BV to Hortilux Schröder BV in December 1997. Almost all of its usage of “Hortilux” from that point on was in connection with “Schröder”. The Board concluded that the addition of “Schröder” was not an unimportant appendage to “Hortilux.” The average consumer would be unlikely to regard “Schröder” merely as a surname. As such, use of “Hortilux Schröder” did not constitute use of “Hortilux” alone. Therefore, in its application, Hortilux Schröder had incorrectly claimed to have used “Hortilux” since 1997.

[20] On the issue of distinctiveness, the Board considered whether Iwasaki’s “Hortilux” mark was known in Canada to some extent as of the date of its statement of opposition (March 26, 2007). It concluded that Iwasaki’s use of the mark had generated sufficient awareness to put the burden on Hortilux Schröder to prove lack of confusion. While Justice Russell had already found confusion in the earlier proceeding, Hortilux Schröder pointed out that the differences in the parties’ channels of trade were not in issue before Justice Russell. Hortilux Schröder argued that it operated mainly in the commercial horticultural trade, whereas Iwasaki targeted the retail market. Nevertheless, the Board found that the marks were identical and both parties sold lighting products for horticultural use. Therefore, as Hortilux Schröder had not proved that its mark was not confusing, the mark did not meet the statutory requirement of distinctiveness (s 38(2)(d)).

### III. Issue One – Would the new evidence have materially affected the Board’s decision?

[21] On appeals from decisions of the Board, the parties may tender new evidence (s 56(5)). If I find that the new evidence would have materially affected the Board's decision, I must then consider the evidence as a whole and determine whether Hortilux Schröder can register its mark (*Molson Breweries v John Labatt Ltd*, [2000] FCJ No 159 (FCA), at para 51). Otherwise, I must defer to the Board's decision and overturn it only if it was unreasonable.

[22] In my view, the new evidence would not have materially affected the Board's decision.

1. Hortilux Schröder's New Evidence

(a) *The Brok affidavit and cross-examination*

[23] Mr Marco Brok began working for Hortilux Schröder in 1997 and became manager of research and development in 2001. He explained that Hortilux Schröder's Canadian subsidiary, PL Light, has imported its wares since 1997. He attached invoices between Hortilux BV (the predecessor to Hortilux Schröder) and PL Light dated between August and October 1997. The invoices display the name "Hortilux" in capital letters:



[24] Mr Brok also provided schematic drawings prepared in July 1997 by Hortilux BV for its Canadian subsidiary PL Light that also showed the company name as "Hortilux" in capital letters.



[25] On cross-examination, Mr Brok conceded that he had not seen the invoices before swearing his affidavit and could not be sure where they came from. He also stated that, as of December 3, 1997, all company documentation – drawings, packing materials, invoices, stationery – would have been changed from showing the company name as “Hortilux” to the new name “Hortilux Schröder”.

[26] Mr Brok stated that Hortilux Schröder’s customers often refer to the company and its wares as “Hortilux”. In addition, the company’s website, since 1998, has been hortilux.com. Between 2004 and 2009, the website referred to the company and its products as “Hortilux”, although the web pages make clear that the company is “Hortilux Schröder”. “Schröder” is described as a “partner”. On cross-examination, Mr Brok explained that Canadian customers looking for hortilux.com are directed to the company’s main website, which is hortilux.nl. From there, North American customers are directed to the PL Light website.

[27] Mr Brok also confirmed on cross-examination that PL Light buys Iwasaki Hortilux products through Iwasaki’s US subsidiary, EYE Lighting.

(b) *The de Gier, Westerhoff, and Van Wingerden affidavits*

[28] Mr Edwin de Gier, Mr Kendrick Westerhoff, and Mr Johannes Van Wingerden, all customers of Hortilux Schröder, confirmed that its wares always bear the name “Hortilux Schröder”. However, they refer to Hortilux Schröder and its products as “Hortilux”.

2. Iwasaki’s New Evidence

(a) *The Gates affidavit*

[29] Ms Anne Gates, a vice-president of EYE Lighting, provided figures for sales of Iwasaki's Hortilux products in Canada from 2000 to 2007. Sales ranged from approximately \$1.5 million (2005) to \$5.2 million (2001). She also gave details of EYE Lighting's promotional and advertising expenses, which ranged from approximately \$600,000 (2000) to \$1.3 million (2007). Her evidence expanded on the evidence provided in the Ward affidavit.

(b) *The Anderson affidavit and cross-examination*

[30] Mr Mike Anderson, Director of Specialty Products for EYE Lighting, described the discussions between his company and PL Light regarding sales of Iwasaki Hortilux products to PL Light, beginning in 2000. In fact, PL Light displayed Iwasaki's Hortilux products at its booth at a trade-show in 2000.

[31] On cross-examination, he admitted that he had no knowledge of any actual orders placed, or resales by, PL Light.

(c) *The Nathaniel affidavit and cross-examination*

[32] Mr David Nathaniel, CEO and President of EYE Lighting's Canadian distributor, Standard Products Inc, provided figures for sales of Iwasaki's Hortilux products to PL Light from 2000 to 2005. Sales ranged from \$18,000 (2005) to \$540,000 (2002).

[33] On cross-examination, Mr Nathaniel conceded that he was not personally aware of sales of Iwasaki products by PL Light.

3. Would the New Evidence Have Materially Affected the Board's Decision?

[34] Hortilux Schröder argues that the evidence tendered on this appeal would have materially affected the Board's decision. It points out that the Board specifically noted that some evidence - namely, the Brok affidavit - had been presented to Justice Russell in the earlier proceeding but had not been filed before it. Justice Russell found that the Brok affidavit showed Hortilux Schröder's "continuing use of the trade-marks and trade-names HORTILUX and HORTILUX SCHREDER" (at para 96). He mentioned the company's web pages, as well as the evidence from customers that they refer to the company and its wares simply as "Hortilux". Based partly on that evidence, Justice Russell found that Hortilux Schröder had not abandoned its claimed mark. That evidence was not before the Board but is now before me.

[35] I cannot agree with Hortilux Schröder's submission that this evidence would have materially affected the Board's decision. It is important to make clear that the issue before Justice Russell (date of first use and non-abandonment) is not the same as the issue before me (actual use during the relevant time period).

[36] Justice Russell found that Hortilux Schröder had established use of the trade-mark "Hortilux" before Iwasaki used it (*ie* before December 31, 1997). Clearly, before it changed its name in December 1997, Hortilux Schröder used the trade-mark "Hortilux". As before me, the

invoices and schematic drawings Justice Russell reviewed showed use of the mark prior to December 1997. The question is whether it was used thereafter.

[37] Justice Russell did not have to consider whether Hortilux Schröder actually used the mark “Hortilux” alone from 1997 to 2002. Rather, he had to decide whether Hortilux Schröder had deliberately abandoned the “Hortilux” mark. He found no such intention. Further, he found that the company’s web pages, and some of its customers, referred to the company as “Hortilux”. This supported Hortilux Schröder’s claim that it did not intentionally abandon the “Hortilux” mark.

[38] The issue before me, though, is whether that same evidence – the web pages and customer testimonials – proves actual use of the “Hortilux” mark. In this context, “use” means use in association with the company’s wares (s 2). 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 possession is transferred” (s 4(1)).

[39] In my view, the web pages and testimonials do not show that “Hortilux” was used in association with Hortilux Schröder’s wares. In fact, all the evidence before me indicates that, as of December 1997, all of Hortilux Schröder’s wares were accompanied by documentation showing the trade-mark “Hortilux Schröder” not “Hortilux” alone. Neither the web pages nor the statements of customers prove use of the mark in association with wares. Similarly, in the Federal Court of Appeal’s decision in respect of the first set of proceedings in this matter, Justice Wyman Webb

concluded that the web pages and the schematic drawings were not evidence of use of the mark – they merely showed a lack of intention to abandon it (at para 22).

[40] Accordingly, the new evidence tendered on this appeal could not have materially affected the Board’s conclusion that Hortilux Schröder had not used the “Hortilux” mark continuously during the relevant period, from August 1997 to May 2002.

IV. Issue Two – Did the Board err in finding that Hortilux Schröder’s claimed period of use was incorrect?

[41] An applicant for a trade-mark must show that its claimed date of first use is accurate. More specifically, it must show that its mark has been continuously used between the claimed date of first use and the date it filed its application. Here, Hortilux Schröder had to show continuous use from 1997 to 2002. It argues that the Board unreasonably concluded that it had not met its burden.

[42] I disagree.

[43] As mentioned, the Board concluded that Hortilux Schröder had used the mark “Hortilux Schröder” after December 1997, but not “Hortilux”. Use of the combined mark did not amount to use of “Hortilux” alone.

[44] In reaching that conclusion, the Board relied on the legal principles set out in *Registrar of Trade Marks v Compagnie L’informatique CII Honeywell Bull, Société Anonyme et al* (1985), 4 CPR (3d) 523. There, Justice Louis Pratte addressed the issue of whether use of a compound mark

("CII Honeywell Bull") amounted to use of one of its constituent elements ("Bull"). He stated that the question is whether the differences between the two "are so unimportant that an unaware purchaser would be likely to infer that both, in spite of their differences, identify goods having the same origin" (at para 24). In the result, he concluded that use of "CII Honeywell Bull" did not constitute use of "Bull" alone.

[45] In my view, applying the correct test, the Board reasonably concluded that use of "Hortilux Schröder" did not equate with use of "Hortilux" alone. In all appearances of the word "Hortilux", the word "Schröder" was given equal prominence even though the word "Hortilux" came first. "Schröder" was an equally important element of Hortilux Schröder's mark.

[46] In addition, given the rarity of the surname "Schröder" (and even close variants on it), the Board reasonably found that average consumers would be unlikely to regard the addition of that word to "Hortilux" as an unimportant appendage.

[47] Based on the evidence and the proper test, the Board reasonably concluded that the differences between "Hortilux Schröder" and "Hortilux" were not so insignificant that an unaware purchaser would infer that goods associated with one would have the same origin as goods associated with the other.

V. Issue Three – Did the Board err in finding that Hortilux Schröder's trade-mark was not distinctive?

[48] Hortilux Schröder argues that the Board unreasonably concluded that it had not satisfied its burden of establishing distinctiveness of the “Hortilux” mark. It relies primarily on the differences in the channels of trade between its operations and Iwasaki’s, a factor not given substantial weight by the Board. Hortilux Schröder contends that within each of the two companies’ markets, purchasers would be unlikely to be confused about the origin of the wares they bought.

[49] Hortilux Schröder also argues that the Board did not apply the proper burden of proof on this issue. Iwasaki bore the initial burden of showing that its mark had become sufficiently known in 2007 to negate the distinctiveness of Hortilux Schröder’s mark. However, the Board stated that it was satisfied that Iwasaki had proved its mark was “known in Canada to some extent at the relevant date” (at para 49).

[50] I am not persuaded by Hortilux Schröder’s submissions. I find that the Board’s conclusion was not unreasonable.

[51] Regarding the burden of proof, the Board, at the outset of its analysis, correctly identified the burdens of proof falling on the respective parties, citing *Motel 6, Inc v No 6 Motel Ltd* (1981), 56 CPR (2d) 44, at p 58, and *Muffin Houses Inc v The Muffin House Bakery Ltd* (1985), 4 CPR (3d) 272. It went on to summarize the relevant evidence put forward by Iwasaki, and then concluded that the evidence showed that Iwasaki’s mark was known in Canada “to some extent” at the relevant time.

[52] While the Board would have been well-advised to be consistent in its statement of the burden on Iwasaki, I cannot conclude that it was unaware of the proper test or failed to apply it.

There was considerable evidence before the Board of Iwasaki's use of the "Hortilux" mark – namely, the Thomas, Ward, and Berkhout affidavits summarized above – even though that mark often included (usually in a comparatively insignificant way) the word "EYE". In the circumstances, therefore, I am satisfied that the Board articulated and applied the correct test and reasonably concluded that Iwasaki had met its initial evidentiary burden.

[53] In respect of the parties' respective channels of trade, the Board was clearly aware that Hortilux Schröder operated in the commercial horticultural industry, selling lighting fixtures, while Iwasaki sold light bulbs in the retail market. Still, it found that both companies were selling lighting products for horticultural use. Further, any differences in trade could not offset the most obvious and important circumstance, the degree of resemblance between the two marks (according to *Masterpiece Inc v Alavida Lifestyles Inc et al*, 2011 SCC 27). The marks used by both companies were virtually identical. This factor caused Justice Russell to conclude that the marks were confusing. The Board concluded likewise.

[54] Again, I cannot conclude that the Board's conclusion was unreasonable in light of the evidence before it. While "Hortilux" has inherent distinctiveness as a made-up word incorporating allusions to lighting ("lux") and horticulture ("horti"), the fact that both companies used the same mark in the same general industry could well cause average consumers to believe that the wares of one company originated with the other. The Board's conclusion, therefore, that Hortilux Schröder had not met its burden of proving distinctiveness was not unreasonable.

## VI. Conclusion and Disposition



[55] The new evidence before me would not have materially affected the Board's conclusions regarding the duration of Hortilux Schröder's use of the "Hortilux" and the distinctiveness of that mark. On the evidence before it, the Board reasonably found that Hortilux Schröder had not used the "Hortilux" mark after 1997. Similarly, it reasonably concluded that the mark is not distinctive, given that Iwasaki uses the same mark in respect of lighting equipment in the horticultural industry.

[56] Therefore, I must dismiss this appeal with costs.

**JUDGMENT**

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

1. The appeal is dismissed, with costs.

"James W. O'Reilly"

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Judge

## Annex

*Trade-marks Act, RSC 1985, c T-13*

*Loi sur les marques de commerce, LRC (1985),  
ch. T-13*

Contents of application

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

...

(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;

Statement of opposition

**38.** (1) Within two months after the advertisement of an application for the registration of a trade-mark, any person may, on payment of the prescribed fee, file a statement of opposition with the Registrar.

Grounds

(2) A statement of opposition may be based on any of the following grounds:

- (a) that the application does not conform to the requirements of section 30;
- (b) that the trade-mark is not registrable;
- (c) that the applicant is not the person entitled to registration of the trade-mark; or
- (d) that the trade-mark is not distinctive.

Contenu d'une demande

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

[...]

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;

Déclaration d'opposition

**38.** (1) Toute personne peut, dans le délai de deux mois à compter de l'annonce de la demande, et sur paiement du droit prescrit, produire au bureau du registraire une déclaration d'opposition.

Motifs

(2) Cette opposition peut être fondée sur l'un des motifs suivants :

- a) la demande ne satisfait pas aux exigences de l'article 30;
- b) la marque de commerce n'est pas enregistrable;
- c) le requérant n'est pas la personne ayant droit à l'enregistrement;
- d) la marque de commerce n'est pas distinctive.

Additional evidence

**56** (5) On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar.

Preuve additionnelle

**56** (5) Lors de l'appel, il peut être apporté une preuve en plus de celle qui a été fournie devant le registraire, et le tribunal peut exercer toute discrétion dont le registraire est investi.

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

**DOCKET:** T-1932-11

**STYLE OF CAUSE:** HORTILUX SCHRÉDER B.V. v IWASAKI ELECTRIC  
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**PLACE OF HEARING:** OTTAWA, ONTARIO

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AND JUDGMENT:** O'REILLY J.

**DATED:** OCTOBER 11, 2013

**APPEARANCES:**

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