

Federal Court of Appeal



Cour d'appel fédérale

Date: 20121207

Docket: A-362-11

Citation: 2012 FCA 321

**CORAM: BLAIS C.J.
SHARLOW J.A.
WEBB J.A.**

BETWEEN:

IWASAKI ELECTRIC CO. LTD.

Appellant

and

HORTILUX SCHREDER B.V.

Respondent

Heard at Ottawa, Ontario, on November 14, 2012.

Judgment delivered at Ottawa, Ontario, on December 7, 2012.

REASONS FOR JUDGMENT BY:

WEBB J.A.

CONCURRED IN BY:

**BLAIS C.J.
SHARLOW J.A.**

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REASONS FOR JUDGMENT

WEBB J.A.

[1] This is an appeal from the decision of the Federal Court (2011 FC 967) rendered by Russell, J. allowing the appeal of Hortilux Schreder B.V. (Hortilux Schreder) from the decision (2010 TMOB 179) of the Member of the Trade-marks Opposition Board (the Member). The judge refused the application (Serial No. 1,064,360) by Iwasaki Electric Co. Ltd. (Iwasaki) for registration under the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act) of the trade-mark HORTILUX (the Mark) in association with electric lamps.

Standard of Review

[2] In an appeal to the Federal Court under the Act, the parties are allowed to introduce new evidence (subsection 56(5) of the Act). If no new material evidence is adduced, the standard of review to be applied by the judge in an appeal under the Act from the decision of the Trade-marks Opposition Board is reasonableness (*Mattel Inc v 3894207 Canada Inc*, (2006), 49 CPR (4th) 321 at paragraph 40). If new material evidence is adduced, then, as noted by Rothstein, JA (as he then was) in *Molson Breweries v. John Labatt Ltd.* [2000] 3 F.C. 145, paragraph 51, “the Trial Division judge must come to his or her own conclusion as to the correctness of the Registrar's decision”.

[3] The task of this Court on an appeal from the Federal Court of a decision of the Trade-Marks Opposition Board is to determine whether the judge correctly determined and applied the applicable standard of review (*Dr. Q. v. College of Physicians and Surgeons of British Columbia*, [2003] 1 S.C.R. 226, 2003 SCC 19). If additional material evidence is presented at the hearing in the Federal Court in relation to any of the issues raised before the judge, then, in relation to such issues, the judge's legal conclusions are reviewed for correctness and his conclusions of fact or mixed law and fact must stand absent a palpable and overriding factual error or an extricable error of law: *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235; *Spirits International B.V. v. BCF s.e.n.c.r.l.*, 2012 FCA 131.

Background Summary

[4] Iwasaki applied for registration of the Mark in association with electric lamps, claiming December 31, 1997 as the date of first use in Canada. Hortilux Schreder (formerly Hortilux B.V.) opposed the application on the basis that Iwasaki had not used the Mark in Canada on or before

December 31, 1997 and that, in any event, it had used the Mark in Canada in association with lighting reflectors before Iwasaki had first used the Mark in Canada. Hortilux Schreder also claimed that Iwasaki's proposed use of the same mark in association with electric lamps would be confusing. The judge found that Iwasaki's proposed use of the Mark would be confusing with the use of the Mark by Hortilux Schreder in association with lighting reflectors and there has been no challenge to this finding of confusion.

[5] The Member granted Iwasaki's application for registration on the basis of evidence that Iwasaki's first use of the Mark in Canada had occurred in October of 1997 when its North American sales representative, Eye Lighting International of North America Inc., provided two Iwasaki lamps to Standard Products Inc. for no consideration. The Member also found that Hortilux Schreder had not established that it had used (as defined in the Act) the Mark in Canada prior this first use by Iwasaki.

[6] On appeal to the Federal Court, the judge reversed the decision of the Member on the basis that there was no evidence before the Member upon which the Member could reasonably have concluded that the October 1997 transaction was a use of the Mark in Canada in the normal course of trade. He also concluded, on the basis of the evidence before the Member and new evidence submitted to the Federal Court, that Hortilux Schreder had used the Mark in association with its lighting reflectors prior to October 1997 and had not abandoned that Mark as of January 9, 2002, the date of publication of Iwasaki's application for registration. Iwasaki challenges all of these conclusions of the judge.

[7] Iwasaki can succeed in this appeal only if this Court reverses the decision of the judge on the first point (thus restoring the decision of the Member), and also reverses either the judge's conclusion that Hortilux Schreder had used the Mark prior to Iwasaki's first use, or the judge's finding of non-abandonment.

[8] Since, in my opinion, the judge did not err in finding that:

- a. Hortilux Schreder had used the Mark prior to any claimed first use of the Mark in Canada by Iwasaki; and
- b. Hortilux Schreder had not abandoned the Mark,

there is no need to address the issue of whether Iwasaki had first used the Mark in October 1997.

This should not be interpreted as an agreement (or disagreement) with the conclusions of the judge in relation to whether Iwasaki first used the Mark in October 1997.

First Use by Hortilux Schreder

[9] Hortilux Schreder claimed that it first used the Mark in Canada before Iwasaki first used the Mark in Canada. The earliest possible date for Iwasaki's first use, based on the evidence presented in this case, was in October 1997. Hortilux Schreder had claimed that it first used the Mark in Canada based on an invoice dated August 26, 1997. Hortilux Schreder also submitted two other invoices dated September 12, 1997 and October 2, 1997. These invoices accompanied light reflectors that were imported into Canada by P.L. Light Systems Canada Inc., a wholly-owned subsidiary of Hortilux Schreder (affidavit of Johan De Leeuw, paragraphs 2 and 10, Appeal Book pages 107 and 108). The Member found that these invoices did not establish the use of the Mark by

Hortilux Schreder as the Mark was not used in the body of these invoices. The Member does not review any authorities in her written reasons in relation to this issue.

[10] Although Hortilux Schreder did introduce additional evidence at the Federal Court hearing, the additional evidence was not related to the use, as defined in the Act, of the Mark by Hortilux Schreder prior to October 1997. Section 2 (in part) and subsection 4(1) of the Act provide as follows:

2. “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;

...

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 possession is transferred.

2. « 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.

...

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

[11] In order for a person to establish use of a trade-mark mark in association with certain wares, the person must establish that the particular trade-mark was, in some way, associated with those wares when the property in or possession of the wares was transferred. The additional evidence introduced at the Federal Court hearing does not address the use (as defined in the Act) by Hortilux

Schreder of the Mark in association with light reflectors before October 1997. Therefore the judge had to determine whether the decision of the Member that the invoices introduced by Hortilux Schreder at the initial hearing before the Trade-marks Opposition Board did not establish a prior use of the Mark, was reasonable.

[12] The judge, in his decision, reviewed various decisions of the Trade-marks Opposition Board and concluded that:

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.

[13] At the hearing of the appeal before us, Iwasaki expressed concern that the decision of the judge was not consistent with his earlier decision in *Tint King of California Inc. v Canada (Registrar of Trade-marks)*, 2006 FC 1440, [2006] FCJ No 1808 (*Tint King*). The judge referred to *Tint King* in paragraph 31 of his reasons. It should be noted that in *Tint King* the judge had stated that

32 The use of a trade-mark on an invoice may or may not be considered use in association with wares described in the invoice. The major consideration is whether the trade-mark is being used as a trade-mark in describing the wares contained in the invoice and, as such, whether appropriate notice of such use is being given to the transferee of the wares. The jurisprudence appears somewhat mixed in this regard. It appears that whether the use of a trade-mark on an invoice is use as a trade-mark in association with wares is most often decided on its position on the invoice. If a trade-mark is placed at the top of the invoice, with no use in the body of the invoice, the use will not generally be in association with the invoiced wares...

[14] The judge noted in *Tint King* that a trade-mark placed only at the top of an invoice would not generally be considered to be used in association with the invoiced wares. In this case the judge reviewed the decisions which were the exceptions to this general rule and therefore it does not seem to me that this case conflicts with the decision of the judge in *Tint King*.

[15] As noted above, the Member (in paragraph 47 of her written reasons) dismisses the invoices as evidencing use of the Mark by Hortilux Schreder because the Mark was not used in the body of the invoice without referring to any jurisprudence. Clearly there are decisions of the Trade-mark Opposition Board which confirm that the placement of a trade-mark at the top of an invoice could be use of the trade-mark in association with wares (*Gowling Lafleur Henderson LLP v. Bulova Watch Co.* (2006), 51 CPR (4th) 470; *88766 Canada Inc. v. Phillips*, 2008 CarswellNat 2206; *88766 Canada Inc. v. Texinvest Inc.*, 2008 CarswellNat 767; *Messrs. Stewart McKelvey Stirling Scales v. Peninsula Farm Ltd.*, 2006 CarswellNat 4228). Since the Member did not explain why she

concluded that simply because the Mark was not in the body of the invoice it could not be a use of the Mark in association with the wares which accompanied the invoice and for which the invoice was issued, it seems to me that the decision of the Member on this issue was not reasonable. The judge did not commit a reviewable error in analyzing the jurisprudence and in reaching a different conclusion. I would not interfere with the decision of the judge on this issue.

Abandonment

[16] If Hortilux Schreder had abandoned the Mark at the date of advertisement (January 9, 2002), then Hortilux Schreder's prior use of the Mark would not prevent Iwasaki from registering the Mark (subsection 16(5) of the Act). Since the Member found that Hortilux Schreder had not used the Mark before Iwasaki had used the Mark, the Member did not address the issue of whether Hortilux Schreder had abandoned the Mark. Since the Member had not addressed this issue, there was no decision of the Member on this point to review on a reasonableness basis.

[17] Since the judge had found that Hortilux Schreder had used the Mark prior to October 1997, he addressed the issue of whether Hortilux Schreder had abandoned the Mark at the date of publication. Hortilux Schreder had also submitted additional evidence in relation to this issue. Therefore the applicable standard of review in relation to this issue is whether the judge committed a palpable and overriding error in relation to his findings of fact and whether his legal conclusions are correct.

[18] In addressing the issue of abandonment, the judge quoted the following excerpt from *Philip Morris Inc. v. Imperial Tobacco Ltd.* (1987), 17 CPR (3d) 289 (FCA):

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": Cattanach 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.

[19] Iwasaki does not disagree that this is a correct statement of the law but submits that the intention to abandon can be inferred as a result of a person not using a particular trade-mark for a period of time. In *Marineland Inc. v. Marine Wonderland and Animal Park Ltd.* Cattanach, J., after the part quoted above, stated that:

83 In my opinion, the intention to abandon the use of the trade mark "Marineland" in association with films in the circumstances of the present matter, is to be inferred from the appellant's long disuse. I take it from the evidence that the appellant produced the one series of films for distribution. It has produced no others for exhibition and there has been no exhibition in Canada. There has been no use by the appellant of that trade mark in connection with the particular wares since 1964. I take as a premise that the use of a trade mark with respect to wares of different general classes as well as with respect to services is severable, separate and distinct.

84 Therefore, in the circumstances outlined, I am of the opinion that the appellant has not discharged the burden of establishing that the use of its trade mark in association with films has not been abandoned in Canada and, accordingly, I conclude, assuming that such trade mark use existed, the trade mark has been abandoned in Canada.

[20] The relevance of abandonment arises as a result of the provisions of subsection 16(5) of the Act. This subsection provides as follows:

16 (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

16 (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

another person, if the confusing trade-mark or trade-name was abandoned at the date of advertisement of the applicant's application in accordance with section 37.

commercial créant de la confusion, par une autre personne, si cette 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.

[21] Subsection 16(5) of the Act is not based on a person ceasing to use (as defined in the Act) a trade-mark but rather on a person abandoning a particular trade-mark. As noted above, abandonment of a trade-mark is not determined based solely on a person ceasing to use that trade-mark. The person must also have intended to abandon the trade-mark. I would agree that in determining whether a person has an intention to abandon a trade-mark, an inference of such intention could, in the absence of any other evidence, be drawn as a result of a failure to use the trade-mark for a long period of time.

[22] However, there was other evidence in this case as noted by the judge in paragraphs 94 to 97 of his reasons and in the affidavit of Marco Brok (Appeal Book pages 75 to 79). Even though these examples are not examples of the use (as defined in the Act) of the Mark in association with the wares, these examples support a finding that Hortilux Schreder did not intend to abandon the Mark at January 9, 2002. In my opinion, the judge has not made a palpable and overriding error in finding that Hortilux Schreder had not abandoned the Mark at the date of publication.

[23] As a result I would dismiss the appeal, with costs.

“Wyman W. Webb”

J.A.

“I agree
Pierre Blais C.J.”

“I agree
K. Sharlow J.A.”

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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