
Canada: Federal Court of Appeal Rejects Trademark and Copyright Claims Arising from use of Competitor's Metatags, but Holds Door Open for Future Claims

Red Label Vacations Inc. v. 411 Travel Buys Limited, 2015 FC 19

A year ago, in January 2015, the Federal Court of Canada issued a groundbreaking decision addressing the trademark and copyright significance of metatags. In *Red Label Vacations Inc. v. 411 Travel Buys Limited*, [More](#)

Red Label Vacations Inc. v. 411 Travel Buys Limited, 2015 FC 19

A year ago, in January 2015, the Federal Court of Canada issued a groundbreaking decision addressing the trademark and copyright significance of metatags. In *Red Label Vacations Inc. v. 411 Travel Buys Limited*, 2015 FC 19, the court held that a defendant's use, in connection with its promotional website, of metatags that are similar and even identical to the metatags and trademarks of the plaintiff, did not amount to copyright or trademark infringement under Canadian law. The plaintiff, Red Label Vacations Inc., appealed. In a decision issued in December 2015, the Federal Court of Appeal affirmed the earlier decision, while simultaneously providing clarity and confirmation that the decision is to be limited to the facts of this particular case.

Background

Both the plaintiff and the defendant are Canadian companies that offer travel information and bookings. The plaintiff, Red Label Vacations Inc., trading as Redtag.ca ("Redtag"), discovered in 2009

that metatags from its website were in use in connection with the website of the defendant, 411 Travel Buys Limited (“411”). 411’s metatags included Redtag’s registered trademarks such as “RED TAG,” as well as general travel-related terms and phrases, some of which employed the idiosyncratic spelling used in Redtag’s metatags.

Decision of the Federal Court of Canada

The trial court considered Redtag’s claims of copyright and trademark infringement, passing off, and depreciation of goodwill. The court held that there was no copyright in Redtag’s metatags, as they lacked originality and had not required the necessary “skill and judgment” to compile. Rather, Redtag’s metatags were common terms often used in connection with the travel industry.

In rejecting Redtag’s trademark and passing off claims, the trial court emphasized that visitors to 411’s website did not actually see any of the metatags on the 411 website, and that no association with Redtag arose from 411’s use of Redtag’s metatags. In so holding, the trial court noted that although metatags impact search engine results and rankings, consumers always have a choice in deciding whether to visit any given website disclosed in the search, and therefore mere use of a competitor’s trademark or trade name in metatags was not a basis for claiming that confusion was likely.

Our previous detailed discussion of the Federal Court of Canada’s decision can be viewed at www.fzlz.com.

Appeal

On appeal, Redtag focused on one particular example of 411’s copying that, in its view, was truly egregious. An Internet search for the website “411travelbuys.ca” using the Google search engine had retrieved results showing that 411 used the metatag: “*Save on your Hola Sun Holidays Packages from Canada. Book Online with Red Tag Vacations & Pay Less Guaranteed!*” This metatag incorporated in full the plaintiff’s trade name and registered trade mark “RED TAG”, as well as elements of “SHOP. COMPARE. PAYLESS!! GUARANTEED,” another of Redtag’s registered trademarks.

As an initial matter, the Federal Court of Appeals confirmed that the trial court had correctly applied the legal tests for copyright infringement, trademark infringement, passing off, and depreciation of goodwill. The Court of Appeals held that 411 did not use any of Redtag’s metatags for the purpose of distinguishing or identifying 411’s services in connection with Redtag’s services, as the test for

infringing use requires. In particular, use of the phrase *“Book Online with Red Tag Vacations & Pay Less Guaranteed!”* could not be considered as advertising 411’s services in connection with Redtag’s services, since at that time 411’s website did not actually offer online bookings (a customer would have had to call 411’s call center to book). Thus, this reference would in fact direct potential customers to Redtag’s website. The Court of Appeals stated that, while in some instances the use of another party’s trademark in a metatag could constitute trademark infringement, in this case 411’s reference to Redtag’s trademarks did not, for the reason that it did not constitute infringing use.

The Court of Appeals emphasized the fact-specific nature of the trademark analysis, holding that the trial court’s decision should stand as the trial court had not made any “palpable and overriding error” of fact. However, the Court of Appeals qualified certain language of the trial court that could have been read to suggest that metatags can never lead to confusion. Specifically, the trial court emphasized consumers’ ultimate freedom to choose among competing websites in stating that “use of a competitor’s trademark or trade name in metatags does not, by itself, constitute a basis for a likelihood of confusion.” The Court of Appeals countered this arguably broad statement by pointing out that “in some situations, inserting a registered trade-mark (or a trade-mark that is confusing with a registered trade-mark) in a metatag may constitute advertising of services that would give rise to a claim for infringement.”

Similarly, with respect to the plaintiff’s copyright claim, the Court of Appeals confirmed that, in this instance, the level of skill and judgment sufficient to establish originality for purposes of copyright had not been shown with respect to Redtag’s metatags. However, the Court of Appeals made clear that its holding does not foreclose a finding of copyright infringement arising from use of metatags in other situations where the threshold for originality has been met.

One of the members of the three-judge appellate panel issued a concurring opinion, explicitly stating that the decision of the trial court must be read in light of the facts before it, and the extent to which a trademark may permissibly be used in metatags by a third party is necessarily fact specific. Additionally, the concurring judge specifically declined to endorse the trial judge’s prior remarks that suggested that the trademark doctrine of “initial interest confusion” is not recognized in Canada.

This appellate decision indicates that the law surrounding metatags will continue to develop in Canada. Future situations may arise in which metatags are shown to enjoy copyright protection, as well as to infringe the trademark rights of another party, particularly where sales of the goods and services at issue are transacted online.

Primary Contacts

Katherine Lyon Dayton