Temporarily Confused: Exploring Initial Interest Confusion

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Last year, Canadian Courts rendered two decisions discussing the doctrine of initial interest confusion. The doctrine originated in U.S. trademark law and provides that infringement can occur if a consumer becomes confused by the defendant's conduct at the time of initial interest in the goods or services associated with the plaintiff's mark.

The application of this doctrine seems to have posed some difficulties for the courts in the context of the Internet and search results. While these recent trial level decisions seem to suggest a general reluctant to embrace of the doctrine, this has yet to be settled by our appellate courts.

Recent Canadian Decisions

In *Red Label Vacations Inc (redtag.ca) v 411 Travel Buys Limited (411travelbuys.ca)*,[1] the defendant's website had included metatags (which included trademarks) copied from the plaintiff's website, but the plaintiff's trademarks were not visible on the defendant's website. The trial judge found that use of a competitor's mark in metatags (that are not ordinarily visible to the consumer) was not infringement. Such use does not, by itself, constitute a basis for a likelihood of confusion, because consumers are still free to choose and purchase goods or services from the website for which they initially searched. Justice Manson rejected the application of "initial interest confusion" doctrine noting that this "approach to likelihood of confusion has not to my knowledge gained a foothold in Canada[2]".

The Federal Court of Appeal dismissed the appeal. The trial judge had not erred by implicitly concluding that the defendant had not used any of the plaintiff's trademarks so as to establish infringement. However, the Federal Court of Appeal cautioned that inserting a registered trademark in a metatag could, in some situations, constitute advertising of services giving rise to infringement, and, in a concurring decision, one of the Justices expressly declined to endorse the trial judge's remarks questioning the applicability of "initial interest confusion" in Canadian law, a concept that seems to already have been acknowledged by the Supreme Court of Canada.

In *Vancouver Community College v Vancouver Career College (Burnaby) Inc*,[3] the British Columbia Supreme Court dismissed the plaintiff's passing off claim based on the defendant's use of the plaintiff's marks as keywords to trigger online advertising. The Court saw the potential for confusion not arising until the consumer conducting the search actually views a website. Therefore, use of a competitor's trademarks in keywords alone cannot constitute passing off. In rejecting the application of the initial interest confusion doctrine, the Court cited Justice Manson's *Red Label* decision: ""Initial interest confusion" is a term of art in U.S. trademarks law which has not been incorporated into Canadian law".[4] This decision is under appeal.

Some United States Cases of Note

The initial interest confusion doctrine originated in the United States in the 1970s. One of the first decisions to apply the doctrine was *Grotrian, Helfferich, Schulz, Th Steinweg Nachf v Steinway & Sons*.[5] The plaintiff alleged that the mark "Grotrian-Steinweg" infringed

its “Steinway” mark in association with pianos. The Second Circuit Court of Appeals held that despite the fact that there was no confusion at the time of sale, there was a likelihood of initial confusion:

> “The harm to Steinway, rather, is the likelihood that a consumer, hearing the “Grotrian-Steinweg” name and thinking it had some connection with “Steinway”, would consider it on that basis… The harm to Steinway in short is the likelihood that potential piano purchasers will think that there is some connection between the Grotrian-Steinweg and Steinway pianos. Such initial confusion works an injury to Steinway."[6]

The case of *Brookfield Communications v West Coast Entertainment*,[7] expanded the application of the doctrine to internet-related disputes. The facts of that case included: the plaintiff created and marketed software and services for professionals in the entertainment industry; it created a software product containing a searchable database under the registered mark “MovieBuff”; and the defendant was one of the largest video rental store chains and maintained a searchable database on its website, <westcoastvideo.com>. One of the issues at trial was whether the defendant’s use of the term “moviebuff” in its metatags constituted trademark infringement. The Ninth Circuit Court of Appeals held that the defendant was liable for trademark infringement. Although, the consumer would not likely be confused upon review of the search results, the use of the mark in the metatags “to divert people looking for “Movie Buff” to its website[8] was seen as allowing the defendant to benefit from the goodwill of the plaintiff.

Supreme Court of Canada on Initial Interest Confusion

In 2011, the Supreme Court of Canada issued its decision in *Masterpiece Inc v Alavida Lifestyles Inc.*[9] The rights to trademark registration between competing applicants in the retirement residence industry were at issue. Justice Rothstein has noted that likelihood of confusion is premised on the first impression of consumers “when they encounter the marks in question”.[10] Furthermore, even if consumers later conduct research and “remedy” their confusion, this would still not undermine the fact that confusion existed at a point in time:

> “Indeed, before source confusion is remedied, it may lead a consumer to seek out, consider or purchase the wares or services from a source they previously had no awareness of or interest in. Such diversion diminishes the value of the goodwill associated with the trade-mark and business the consumer initially thought he or she was encountering in seeing the trade-mark. Leading consumers astray in this way is one of the evils that trade-mark law seeks to remedy."[11]

With respect to prior lower Court decisions on “initial interest confusion”, see John Simpson’s article “A brief history of passing off, websites and "initial interest confusion" in Canada”, 17 April 2015, Shift Law Blog online: Shift Law Blog <http://shiftlaw.ca/>.

Conclusion

The two recent decisions raise interesting questions with respect to the applicability of the doctrine of initial interest confusion in Canadian law. Nevertheless, even though there is substantial support for the doctrine in the jurisprudence, the appellate courts have yet to provide clear guidance on the requisite approach. As internet-related trademark disputes become more common, developments in this particular area of the law will be of increasing importance.

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1 2015 FC 18, aff’d 2015 FCA 290.

2 2015 FC 18 at para 115.

3 2015 BCSC 1470.

4 *Ibid* at para 60.

5 523 F.2d 1331 (2d Cir 1975).

6 *Ibid* at 1342.

7 174 F.3d 1036 (9th Cir. 1999).

8 *Ibid* at 1062.

9 2011 SCC 27.

10 *Ibid* at para 70.

11 *Ibid* at para 73.