Use of Another’s Registered Trademarks in Metatags Not Infringing … This Time

January 14, 2016

By Mark Robbins and Tamara Céline Winegust

In Red Label Vacations Inc v 411 Travel Buys Limited, 2015 FCA 290, the Federal Court of Appeal has ruled that the trial judge did not err in finding that the Plaintiff’s trademark rights were not infringed when its marks were used in metatags on the Defendant’s website. (Our discussion of the trial judge’s decision is available here.) However, the Appeal Court commented that, in the right circumstances, such employment of another’s trademarks could constitute infringement.

Red Label Vacations operates an online travel business. It sued a competitor, 411 Travel Buys, over the latter’s use of metatags comprising Red Label’s trademarks, including “Red Tag Vacations” and “shop, compare, & pay less.” The metatags were not visible to users of the Defendant’s website. Red Label alleged copyright and trademark infringement, depreciation of goodwill, and passing off.

The trial judge dismissed all the claims. He held that the employment of a competitor’s mark in metatags (that are not ordinarily visible to the consumer) was not trademark “use” and was not infringement. He found that the contents of metatags do not by themselves 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. He also commented that the concept of “initial interest confusion” had not “gained a foothold” in Canada. The copyright claims were dismissed on the basis that the copied metatags were essentially generic terms used in the travel industry and were not subject to copyright protection -- the evidence had not shown sufficient skill and judgment in creating the metatags, or originality in making a compilation, as required by the tests in CCH and Tele-Direct.

The Court of Appeal reviewed on the deferential standard of “palpable and overriding error.” It found that the trial judge cited the correct test for trademark infringement (i.e. the Defendant must have sold or advertised services in association with a confusing trademark), and found no error in the implicit finding that 411 Travel Buys did not use any of Red Label's trademarks “for the purpose of distinguishing or identifying 411 Travel Buys' services in connection with Red Label's services” (language from the 1996 Michelin v. CAW decision), or in a way that would give rise to source confusion. Also, there was no error in the trial judge’s finding that the metatags did not meet the threshold for copyright protection in Canada.

However, the Court of Appeal stated that “in some situations, inserting a registered trade-mark [or a confusing mark] in a metatag may constitute advertising of services that would give rise to a claim for infringement.” In a concurring opinion, Justice Dawson echoed these remarks holding that “the extent to which a trademark may be used in metatags without infringing the trademark is, of necessity, fact specific.” Justice Dawson commented that although the appeal was dismissed, this did not mean that the appeal court endorsed every alternate basis on which the trial judge dismissed the action, and that the reasons ought not to be read as endorsing the trial judge’s remarks relating to initial interest confusion.

The Court of Appeal’s decision thus leaves the door open to future trademark infringement claims based on metatags.

Information on this website is for information only. It is not, and should not be taken as, legal advice. You should not rely on, or take or not take any action, based upon this information. Professional legal advice should be promptly obtained. Bereskin & Parr LLP professionals will be pleased to advise you.