Update: Metatags at the Federal Court of Appeal

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In December 2015, the Federal Court of Appeal rendered its judgment in the case of *Red Label Vacations Inc. (redtag.ca)* v. *411 Travel Buys Limited (411travelbuys.ca)* [1]. The Court dismissed all grounds of appeal and upheld the decision of the Federal Court.

Background and Federal Court decision

Red Label Vacations and 411 Travel Buys are two competing businesses offering online services related to the travel industry. Red Label noticed that some of its metatags incorporating its registered trademarks were copied into 411 Travel's web pages. Metatags are words or phrases embedded in a website's source code that are used by search engines to classify and rank web pages when a user conducts a search. Red Label brought an action against 411 Travel for copyright infringement, trademark infringement, passing off and depreciation of goodwill. The Federal Court dismissed all claims alleged by Red Label, who appealed the decision [2].

Federal Court of Appeal (FCA) decision

Concerning trademark infringement

The FCA first dealt with the issue of trademark infringement. The Court held that the trial judge did not err in finding that there was no "use" of Red Label's registered trademarks in a manner to establish infringement according to the *Trademarks Act*. Although Red Label's trademarks were copied into 411 Travel metatags, none of the metatags appeared in the visible portion of 411 Travel's website. In that sense, 411 Travel did not use Red Label's trademarks in order to associate its services with those of Red Label.

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Although the FCA has not concluded that there was trademark infringement in this particular case, the Court has somehow left open the possibility that “use” of a registered trademark in metatags may, in some cases, lead to an action for trademark infringement. At paragraph 22 of the decision, the Court commented as follows:

> “*While, 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****, in this case, this reference to “Book Online with Red Tag Vacations” cannot be considered to be advertising the services of 411 Travel Buys in connection with the services offered by Red Label*.” [Emphasis added]

However, it should be noted that the Court has not provided any specific details on when and how the unauthorized use of trademarks in metatags could give rise to a claim for infringement under the *Trademarks Act*.

Concerning passing off and depreciation of goodwill

Regarding the action for passing off and depreciation of goodwill, the FCA concluded that Red Label has failed to show that the trial judge made any palpable and overriding error in his finding by rejecting these claims. In particular, Red Label has not submitted any evidence to establish that its trademarks were visible once a person enters the 411 Travel website. Given the fact that there was no “use” of Red Label’s trademarks since the metatags were not visible, the consumer still has the freedom to choose the link of the website he wants to access, and therefore there is no possible likelihood of confusion.

Concerning copyright infringement

Finally, the FCA confirmed the Federal Court decision regarding copyright infringement. The Court mentioned that since it was a finding of facts, Red Label has not established that the trial judge made any palpable and overriding error by concluding that Red Label’s metatags were not protected under the *Copyright Act*. It was held that metatags can acquire copyright protection but only if there is evidence of sufficient degree of skill and judgment in their creation, which was not the case in this particular instance.

This case is yet another example of the challenges and uncharted territory in issues of intellectual property in today’s online age.

1. *Red Label Vacations Inc. (redtag.ca)* v. *411 Travel Buys Limited (411travelbuys.ca), 2015 FCA 29, confirming 2015 FC 19.*
2. Please refer to our newsletter dated August 24, 2015 for further comments on the Federal Court decision, https://www.lavery.ca/en/publications/our-publications/3122-federal-court-of-canada-examines-metatags-under-copyright-and-trademark-law.html

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