Federal Court of Canada examines metatags under copyright and trademark law

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In the decision *Red Label Vacations Inc. (redtag.ca)* v. *411 Travel Buys Limited (411 travelbuys.ca)* [1], the Federal Court examined whether metatags attract copyright protection and whether use of a competitor's trademark or trade name in metatags constitutes a violation of trademark rights in Canada. Metatags are words or phrases written in a website's source code that search engines use to rank websites and which are not displayed on the actual webpages.

Although the issue of intellectual property protection in the context of metatags is the subject of heated debate all over the world, this decision marks one of the first times that the Federal Court has provided clarification on how metatags fit within the Canadian copyright and trademark schemes.

Facts

Red Label Vacations Inc. (the plaintiff), a business offering online travel information via its website redtag.ca, is the owner of three registered trademarks: "redtag.ca", "redtag.ca vacations" and "Shop. Compare. Payless!! Guaranteed". The plaintiff began an action before the Federal Court for copyright infringement, trademark infringement, passing off and depreciation of goodwill against its competitor, 411 Travel Buys Limited (the defendant), an online travel agency. Specifically, several of the defendant's webpages contained metatags that were identical or similar to the plaintiff's metatags, including the words "red tag vacations" and "shop, compare & payless". Since the allegedly infringing content was only found in the defendant's metadata, it was not visible to consumers visiting the defendant's website. The Court dismissed the plaintiff's action.

Decision

Concerning the alleged **copyright infringement**, the Court held that although the defendant copied

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the plaintiff's metatags, there was no infringement since the plaintiff's metatags did not acquire copyright protection. The Court's rationale was based on evidence that the plaintiff's metatags came from a list of Google key words which were combined into small generic phrases descriptive of the travel industry. As such, the threshold of originality laid out by the Supreme Court of Canada [2], i.e. requiring sufficient skill and judgment, was not met.

Further, the Court concluded that in the hypothetical situation that copyright could exist in the plaintiff's metatags, no substantial copying had occurred since only 48 out of approximately 180,000 pages of the plaintiff's website were copied by the defendant. Finally, Justice Manson observed that the defendant inadvertently reproduced the redtag.ca metatags and that it would have nonetheless been considered innocent infringement.

With regard to the alleged trademark violation, the Court acknowledged that several of the defendant's metatags contained the dominant terms of the plaintiff's registered trademarks and trade name, but that they were not visible to customers visiting the defendant's webpages.

The Court further indicated that the defendant had not "used" the plaintiff's trade name or trademarks on their website.

With respect to the allegations of **trademark infringement** and **depreciation of goodwill**, the Court reiterated that there had been no "use" of the plaintiff's trademarks within the meaning of the *Trademarks Act*, making the claims inapplicable since "use" is a prerequisite for such claims.

In assessing whether the plaintiff could succeed in a **passing off** claim under section 7(b) of the *Trademarks Act*, the Court reiterated the 3 elements that must be proven: (i) the existence of goodwill, (ii) the likelihood of deception of the public due to a misrepresentation, and (iii) actual or potential damage.

The Court found that the plaintiff's trade name Red Tag and trademarks "redtag.ca" and "Shop. Compare. Payless!! Guaranteed." had the necessary goodwill to satisfy the first prong of the test. On the question of misrepresentation, the defendant's use of the words "red tag" in their metadata led to redirected traffic from the plaintiff's website to that of the defendant, both of which offer travel services to Canadians. Justice Manson's inquiry turned on whether the defendant's use of the dominant words of the plaintiff's trademarks and trade name in their metatags was likely to cause deception.

The Court remarked that the use of metatags in search engines provides consumers with a list of distinct links to choose from and that it does not direct them to a specific website. Although the consumers' choice might be impacted by where a link ranks on a page of search results, the consumers always have the choice to pick the link of the particular competitor they had initially searched for. In this respect, the Court stated that:

> *"…Accordingly, use of a competitor's trademark or trade name in metatags does not, by itself, constitute a basis for a likelihood of confusion, because the consumer is still free to choose and purchase the goods or services from the website he or she initially searched for."*

For these reasons, the Court concluded that there was no likelihood of deception and rejected the plaintiff's claim of passing off.

Our thoughts on the Federal Court decision

(i) Copyright protection in metatags

Although Justice Manson did not dismiss the possibility of "original" metatags, we find it unlikely that

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most metatags have the potential to enjoy copyright protection in Canada. Metatags, mainly composed of descriptive key words that businesses use to attract consumers to their website, are largely guided by their function to affect search engine behavior. In this respect, they have been labelled as nothing more “than the operation of an algorithm” [3]. As such, it is doubtful that a metatag can be embedded with sufficient skill and judgment. It will be interesting to see whether a future decision will provide details on what constitutes a sufficiently “original” metatag to acquire copyright protection in Canada.

(ii) Use of a competitor’s trademark and trade name in metatags: a case of unfair competition?

No passing off was established on the basis that metatags in a search engine simply influence website rankings while the consumers are free to choose the link representing the initial source they desired. The claims for trademark infringement and depreciation of goodwill were equally rejected as there was no “use” within the meaning of the *Trademarks Act* by the defendant of the plaintiff’s trade name or trademarks. While we agree with the Federal Court’s statement that there can be no trademark violation without “use” of a trademark, we wonder whether, with the proper evidence of consumers’ perceptions and reactions, this practice could constitute a form of unfair competition.

Conclusion

The plaintiff filed for an appeal of the Federal Court’s decision. As such, the Court of Appeal may further develop the question of intellectual property rights in metatags. We suggest you *tag* along…

1. *Red Label Vacations Inc. (redtag.ca)* v. *411 Travel Buys Limited (411travelbuys.ca)*, 2015 FC 19 (CanLII).
2. *CCH Canadian Ltd* v. *Law Society of Upper Canada*, 2004 SCC 13.
3. *Insurance Corp of British Columbia* v. *Stainton Ventures Ltd*, 2012 BCSC 608.

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