

Internet and E-Commerce Law in Canada

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• USE OF TRADE-MARKS AS METADATA AND #HASHTAGS IN CANADA •

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Just as social media platforms may vie for omnipresence in our lives, digital and otherwise, businesses may vie for market share on these social media platforms. Proper use and avoiding misuse of trade-marks (alternately “TMs”) and other intellectual property (“IP”) on these platforms may be an increasing concern. Social media technologies and developments sometimes seem ever-changing, and guidelines on proper use of IP in social media need constant updating and adaptation. The international reach of social media platforms also often means that what may be okay in one jurisdiction may be offside in another.

Thankfully, a recent decision of the Federal Court of Canada provides guidance on the proper use of IP in this digital world that brand owners need to know now.

In *Red Label Vacations Inc. (redtag.ca) v. 411 Travel Buys Limited (411travelbuys.ca)* [*Red Label Vacations*],¹ the Federal Court provides guidance on metadata and also hints at whether use of other social media mainstays—particularly, hashtags (*e.g.*, #topic)—may constitute IP infringement.

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**Use of Trade-marks in Metadata:
The Court's Decision**

Red Label Vacations Inc. ("Red Label") is a travel business that offers online travel information services and bookings to the Canadian market through its website redtag.ca. Red Label has three registered TMs: (1) redtag.ca, (2) redtag.ca Vacations & Design, and (3) Shop. Compare. Payless!! Guaranteed & Design. 411 Travel Buys Limited ("411 Travel") is an online travel agency offering information to customers through its website, and the availability of agents over the phone to create bookings for travel and travel-related services.

When 411 Travel's website went online in January 2009, a number of its webpages included, among others, metadata (the title, description, and keyword metatags) containing terms such as "red tag vacations" and "shop, compare & pay less". This metadata was not visible to customers visiting 411 Travel's website and was located only in the webpage's source code. Red Label became aware of 411 Travel's use of these phrases and alleged copyright and trademark infringement.

Metadata are machine-readable pieces of information embedded in the coding of a webpage, which, among other factors, can be effectively used to draw traffic to the website. When a person types a phrase into the search bar of a search engine (e.g., the Google™ search engine), an algorithm returns a list of webpages ranked according to their relevance to that query. Strategic placement of keywords in metadata and in the content of the webpage itself can increase the chance a search engine will rank that webpage higher in the results for searches containing those words (e.g., on page 1 rather than page 6). As a result, SEO (search engine optimization) may be important in marketing a company's goods and services.

In *Red Label Vacations*, 411 Travel was not found to infringe Red Label's TM rights. According to the Federal Court, the use of a competitor's trade-mark or trade name in a metatag does not, by itself, create a likelihood of confusion. The consumer may still freely choose amongst the search results and purchase goods

and services from one or another of them. According to the court:

The use of metatags in a search engine merely gives the consumer a choice of independent and distinct links that he or she may choose from at will, rather than directing a consumer to a particular competitor. Rankings may affect the choice to be made, but nevertheless, such a choice exists. Even if a searcher is looking for the website connected with a particular trade name or trademark, once that person reaches the website, there must be confusion as to the source of the entity or person providing the services or goods.²

Implications and Potential Impact on Hashtag Use in Social Media

In reaching its conclusion that there was no likelihood of confusion, the Federal Court in *Red Label Vacations* stressed (1) that none of the trade-marks were visible anywhere on the 411 Travel website, and (2) that the website was clearly identified as that of 411 Travel. The conclusion may have been different, however, if Red Label's trade-marks and trade names were visibly hashtagged. Unlike metatags, the hashtagging of a competitor's TMs and trade names would be visible to users and could create confusion (or a likelihood thereof) as to who is offering the goods and services.

Hashtags refer to topical words and phrases preceded by the pound, or hash, sign (#), which identify messages and posts on social media platforms as relating to those specific topics. Hashtags function differently from metatags and typically allow users to navigate between similarly hashtagged social media posts. It is this linking functionality that may be somewhat dangerous from a trade-mark perspective. While many social media platforms have policies to deal with IP infringement, it remains unclear whether use of hashtags may result in IP infringement. For example, the Twitter™ policy governing trade-marks provides that using “a company or business name, logo, or other trade-mark–protected materials in a manner that may mislead or confuse others with regard to its brand or business affiliation may be considered a trade-mark policy violation”.³

Under what circumstances may a hashtag be misleading or confusing? Based on the *Red*

Label Vacations decision, if someone hashtags your #trade-mark in a social media post, giving consumers a clear choice, then it may be difficult to support a finding of trade-mark infringement. Despite this, there may yet be the issue of depreciation of goodwill. Canada's *Trade-marks Act*⁴ sets out four elements required for depreciation of goodwill:

- A claimant's registered TM was used by the defendant in connection with goods or services, whether or not such goods and services are competitive with those of the claimant.
- The claimant's registered trade-mark is sufficiently well known to have significant goodwill attached to it.
- The claimant's TM was used in a manner likely to have an effect on that goodwill (*i.e.*, linkage).
- The likely effect would be to depreciate the value of its goodwill (*i.e.*, damage).

In the *Red Label Vacation* decision, the Federal Court found that there was no trade-mark use with metatags, and so there was no depreciation of goodwill. Given some of their inherent differences, however, hashtags may function more akin to TMs, and their use, even though not leading to a likelihood of confusion, could be more likely caught as a depreciation of goodwill under s. 22 of Canada's *Trade-marks Act*.

Next Steps for Companies Looking to Protect Hashtags and Trade-marks

Monitor #Hashtag Usage

Given that use of hashtags in social media may amount to trade-mark use, companies should monitor social media platforms, such as Twitter, to see whether their TMs are used as hashtags. In addition, companies making use of hashtags should be aware of whether those hashtags may be trade-marks that belong to third parties.

Full availability searches should be conducted if a company intends to use a word or phrase as both a hashtag and a TM. The company should consider searching the applicable registry of trade-marks (*e.g.*, the Canadian Intellectual

Property Office and the United States Patent and Trade-mark Office) for the word or phrase that they plan to use as a hashtag in association with any particular goods and services with which the word or phrase will be used (for example, in the case of Starbucks, in association with beverages).

Consider Registering #Hashtags as Trade-marks

Where a company decides that a hashtag will also be used as a trade-mark, that company should consider registering it. Some factors to consider may include the value and timeframes of any associated marketing program (e.g., a long-term multinational marketing platform or a fleeting local campaign) and whether the company wants to prevent others from using the hashtag. In Canada and the U.S., companies have started filing trade-mark applications for hashtags. It may be possible to register a hashtag as a trade-mark in Canada, though it should be remembered that just including a hash sign (#) does not make an otherwise descriptive or generic word or phrase distinctive.

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¹ [2015] F.C.J. No. 220, 2015 FC 19.

² *Ibid.*, para. 115.

³ *Twitter*, "Trademark Policy", <<https://support.twitter.com/articles/18367-trademark-policy#>>.

⁴ *Trade-marks Act*, R.S.C. 1985, c. T-13.

• SOCIAL MEDIA AND WEBSITES AS NATIONAL COMMUNICATION PLATFORMS IN CANADA IN LIGHT OF FRENCH LANGUAGE REQUIREMENTS •

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Social media is now an integral part of most communications strategies. In addition to websites, organizations embrace these dynamic platforms to communicate with their key target audiences in a more personalized way and are moving towards what is now referred to as Web 3.0, where semantics and the precision of language becomes essential. In a bilingual country such as Canada, harnessing the full potential of this trend requires organizations to understand and master language requirements applicable to

their online presence. This bulletin clarifies linguistic legal requirements applicable to content posted by organizations with a national presence on these various platforms.

English Only Except When "Commercial Activities" Are Carried on in Quebec

Generally speaking, private organizations operating in Canada have no obligation to serve their

customers in another language than English except in the province of Quebec, where Article 5 of the *Charter of the French Language* (the “Charter”) provides that “Consumers of goods and services have a right to be informed and served in French”.¹ In the online environment, where content is made virtually available to any individual with an Internet connection, Article 52 of the Charter requires that the online content be drafted in French when it is made available to Quebec residents and aims at entering into a “commercial act” within the territory of Quebec.

Charter’s requirements apply, of course, to organizations with a physical presence (an establishment) in Quebec but also to any organization as soon as it has “commercial activities in Quebec” (irrespective of whether or not it has an establishment in the Belle Province). Applied to the online environment, this criterion means the following:

- (a) The online content has to be *used as a vehicle to publish commercial advertisements or otherwise be aimed at entering into a commercial act* (e.g., an offer for sale). Conversely, non-commercial messages published online will not be subject to French language requirements and could be published in another language.
- (b) The target audience of the commercial message should include residents of the province of Quebec, such that *Quebec residents should be able to conclude a commercial act* (e.g., to purchase, to lease, etc.) pertaining to the products or services advertised online.

Accordingly, the fact that the entity operating the website/social media platform (or their hosting server) is located outside of Quebec is irrelevant for the purpose of assessing the geographical scope of the Charter.

What Does This Mean for National Digital Communications Strategies?

Bilingual Website(s)

Pursuant to the Charter, two separate versions of a website are permitted: one exclusively in

French and the other exclusively in another language. However, the French version must be made available under conditions of accessibility and quality no less favourable than those of the other version.

This requirement means in practice that the online content of an organization’s website carrying on business throughout Canada should be as developed in French as it is in English. A website would not pass the Charter’s test with moribund French content not mirroring its English one. Visitors should be able to toggle between the French and the English versions of a website easily through a functional and well-marked link.

Bilingual Corporate Social Media Page(s)

Corporate social media pages are now a common component of digital strategies and enable organizations to directly publish, in real-time, messages aimed at their community of users/followers to advertise organizations’ activities, products, and services.

Pursuant to the *Good linguistic practices for enterprises* (the “GLP”)² adopted in June 2013 by the *Office québécois de la langue française* (the “Office”, which is the government agency charged with enforcing the Charter), the content of a corporate social media page targeting Quebec consumers should be drawn up in French.

Following adoption of the GLP, the Office publicly took the position that a business’s Facebook and Twitter pages will be subject to Article 52 of the Charter and that initiated enforcement actions to the effect that social media pages targeting Quebec consumers must be available in French.

In light of the GLP and of the Office’s recent enforcement initiatives, it is therefore likely that, for instance, commercial tweets or posts of an organization, which originate with its corporate social media page(s) and target Quebec consumers, are subject to the Charter. National merchants with a social media presence should therefore aim at maintaining English and French social media profiles, whether such profiles are published on the same corporate page or on an

English-only and a French-only page, with easily accessible cross-linking between them.

No Language Requirements for Retweets, Shares, and Comments of Users

Because the essence of a social media strategy for an organization is to engage its target audience in a bilateral and dynamic communications relationship, it is expected that a user/follower will comment on and share the online content posted by the organization on its corporate social media page with members of his/her network.

Similarly, the organization may share on its corporate social media page(s) some non-commercial content originating from third parties, such as reviews or news articles.

Although the Office has not issued official guidance on *retweets* (on Twitter) or *shares* (on Facebook) of content published by members of the organization's social media audience or third parties, it is likely that such content, not originating with the organization, would not be considered commercial content subject to French language requirements.

In the same vein, *comments* pertaining to corporate content published by an organization, posted by members of the organization's social media audience, would not require translation into French, since they do not originate with the organization and are not of a commercial nature.

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¹ <http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=2&file=/C_11/C11_A.html>.

² *Bonnes pratiques linguistiques dans les entreprises*, <<http://www.cslf.gouv.qc.ca/actualites-linguistiques/des-nouveautes-en-ligne-sur-le-francais/actualite/article/emguide-des-bonnes-pratiques-linguistiques-dans-les-entreprisesem/>> (available in French only).

• BEWARE OF INCREASING USE OF CONFUSING DOMAIN NAMES FOR BRAND IMPERSONATION AND FRAUD •

Daniel Anthony
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Overview

The recent .CA domain name arbitration decision in *Fluor Corporation v. Fluor Curling*, CDRP Dispute No. 0281, highlights the growing problem of confusing domain names being registered and used to send e-mails impersonating businesses. Companies should be aware of this risk and the remedies available to address such issues when they arise.

Background

The most common use of a domain name is as a website address (*e.g.*, CompanyName.com). Cybersquatters take advantage of this fact by registering domain names that are confusing with trade-marks in order to sell them to the trade-mark owner at an inflated price, host pay-per-click ads, or divert Internet traffic intended for the brand owner. Domain name arbitration is one of the tools available to recover such domain names from cybersquatters.

Another common use of a domain name is as the basis for company e-mail addresses (*e.g.*, marketing@CompanyName.com). This fact can be exploited by persons registering confusing domain names for the purpose of sending impersonating e-mails, with or without a functioning website.

Canada's .CA domain name registry provides for a relatively quick and inexpensive dispute resolution process to address bad faith domain name registrations. The CIRA Domain Name Dispute Resolution Policy ("CDRP") is modeled after the Uniform Dispute Resolution Policy ("UDRP") and requires a complainant to establish three criteria:

1. The domain name is confusingly similar to a trade-mark in which the complainant has rights.
2. The domain name was registered in bad faith.

3. The registrant has no legitimate interest in the domain name.

Decision

In *Fluor Corporation v. Fluor Curling*, Fluor Corporation sought transfer of the domain name fluorgroup.ca. The domain name was not used for an active website. Instead, the evidence established that the domain was used to send e-mails from the address hrd@fluorgroup.ca to potential job seekers to obtain their personal information. The e-mail included the name of Fluor Corporation's actual Human Resources Manager and asked recipients to complete an "interview form" bearing the name Fluor Corporation and its Canadian address, as well as the logo FLUOR®. The domain name registrant did not defend in the arbitration proceeding.

On the first criterion, Fluor Corporation submitted evidence that it operates in the field of engineering, construction, and project management, with \$27.4 billion in revenues in 2013 and 40,000 employees across six continents. Its trade-mark FLUOR was registered in Canada in 1973, and it operated websites, using the domain names fluor.com and fluor.ca. This was sufficient to establish rights in the mark FLUOR, and the domain name fluorgroup.ca was found to be confusingly similar to this mark.

With respect to the criterion of bad faith, the use of the domain to send impersonating e-mails was held to be a clear example of bad faith conduct.

For the legitimate interest criterion, the registrant's conduct in sending impersonating e-mails was sufficient evidence to shift the burden of establishing a legitimate interest to the registrant. While the registrant's name from WHOIS records was Fluor Curling, which could potentially have established a legitimate interest, there was no evidence that this was a legal name

or a name by which the registrant is commonly known.

Having met the three criteria, the domain name was ordered transferred.

Further Scenarios

Fraudulent e-mails using confusing domain names can be used for a range of purposes beyond seeking personal information, as was the case in the above decision. Two other possible scenarios are outlined below.

In one scenario, a food products company is impersonated by registration of the .CA version of its .COM domain name. In an attempt to manipulate the stock price, the registrant uses the domain name to host a copycat website and send impersonating e-mails containing a false press release about a food recall. In such a case, the company's counsel could request immediate take down of the fake website and locking of the e-mail account, through complaints to the domain registrar and/or website host. If desired, a CDRP proceeding or a court proceeding could be commenced to recover the domain name. Regulatory authorities and law enforcement would be contacted due to the stock market manipulation.

In another scenario, a fraudster registers a domain name that is one letter different from a travel agency domain name. The domain name is used to send e-mails offering discounted travel packages and including a 1-800 contact number. The fraudster then issues fake invoices to unsuspecting victims and takes payment online. Once the matter comes to the attention of the travel agency, complaints could be made to the registrar and host to freeze the e-mail account.

A domain name arbitration proceeding could be commenced to recover the domain name. Law enforcement would be contacted due to the fraud, and the host may be instructed to maintain the e-mail records as evidence.

Remedies

There is a range of possible remedies for companies that become aware of suspected impersonation through confusing domain names. Such remedies include negotiation, complaints to the registrar and hosting companies, CDRP or UDRP domain name arbitration proceedings, and legal action. In appropriate cases, law enforcement may be contacted.

Companies can also proactively identify domain names incorporating their trade-marks, through domain name search providers, and can receive notice of all new domain name registrations incorporating key terms. This permits companies to regularly review the associated websites and WHOIS records for any evidence of trade-mark infringement or impersonation.

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