

# The Canadian Competition Bureau Is Targeting "Drip Pricing" and Other Deceptive Marketing Practices by Hotels

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The Canadian Competition Bureau (Canada's FTC) has initiated an enforcement campaign targeting hotels advertising in Canada. Here's what you need to know:

- The Canadian Competition Act (the Act) prohibits "drip pricing" and other deceptive marketing practices. The Act prohibits the making of any representation to the public, by any means, for the purpose (directly or indirectly) of promoting a product, service or business interest that conveys a general impression that is false or misleading in a material respect (the General Prohibition). The Act deems so-called "drip pricing" - price representations that are not attainable due to the addition of fixed obligatory charges or fees that are not included in the initial prices displayed to consumers and which do not represent an amount imposed by, or under, federal or provincial legislation - to be false or misleading for the purpose of the General Prohibition.
- The Competition Bureau is focused on "drip pricing" and hotel-imposed fees disguised as "taxes". The Bureau is concerned that hotels are engaged in drip pricing; specifically, that they are advertising hotel rooms through their online reservation systems at prices that are not attainable because obligatory, non-government imposed fees are not included in the initial prices displayed to consumers. Additionally, the Bureau is of the view that pricing representations that convey the misleading impression to consumers that fees charged at the discretion of a hotel are "taxes" or are otherwise government imposed also contravene the General Prohibition.
- Hotels face the risk of stiff penalties and potential civil liability. The penalties for violating the General Prohibition include maximum fines equal to the greater of C\$10 million, three times the value of the benefit obtained from the deceptive conduct or, if that amount cannot be reasonably determined, 3% of annual worldwide gross revenues. In the Bureau's first contested drip pricing case, Cineplex was recently ordered to pay a C\$38.9 million fine (equal to the full value of the benefit it derived from its drip pricing conduct). Additionally, as of June 2025, private parties will also be able to seek permission to sue for "disgorgement damages", up to the value of the benefit derived from the deceptive conduct.
- It does not matter that a hotel's properties are exclusively outside of Canada. Whether or not a hotel has any properties in Canada, the Bureau takes the position that it has enforcement jurisdiction if pricing representations are made to the public in Canada or if Canadians can book rooms through the hotel's online reservation system.
- Some practical takeaways:

- Ensure that prices displayed to consumers are inclusive of all obligatory, non-government-imposed fees; and
- Ensure that only amounts imposed on purchasers by a government are shown or represented as "taxes"

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