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Booking.com and Implications for Domain-Name Trademarks: Distinctiveness, Consumer Surveys, Functionality

TUESDAY, SEPTEMBER 29, 2020

1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

Today's faculty features:

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Alert | Trademark & Brand Management



July 2020

U.S. Supreme Court Cancels USPTO's Reservations About Registering Booking.com Brand Name

The Hot Take

For the third time in four years, the Supreme Court ruled that the U.S. Trademark Office, both at the examination and Trademark Trial and Appeal Board (TTAB) levels, had examination guidelines that led to the improper refusal to register an applied-for mark. In *United States Patent and Trademark Office v. Booking.com B.V.*, 591 U.S. ____ (2020), the Trademark Office urged the Court to adopt a bright-line rule that the combination of a generic term + .com is always generic and therefore incapable of federal registration. In an 8-1 decision, the Court declined to establish such a rule, opining that each so-called “generic.com” mark must be evaluated on its merits based on the prevailing consumer perception of the applied-for mark. Consequently, the Court did not disturb the lower court’s holding that BOOKING.COM is a protectable trademark because BOOKING.COM has a quantifiable source-identifying significance to consumers independent from the word booking.

Aside from Justice Ginsburg’s always-brilliant storytelling, the text of the Court’s decision is not particularly remarkable. The decision revolves around two basic principles. First, trademark law is intended to reflect and protect consumer perceptions. Second, *per se* trademark rules are generally incompatible with the goal of reflecting and protecting consumer perceptions. Adding these two principles together, the Court delicately dismissed the Trademark Office’s arguments regarding the potential anti-

competitive dangers of issuing registrations for generic.com trademarks and created a narrow, to-be-defined path for the registration of generic.com marks.

The Deeper Dive

While the Court's decision seems like a win for brand owners (especially those with large trademark prosecution budgets), the Court's holding creates more uncertainties than it resolves. Put differently, if the Court had refused to register BOOKING.COM as a matter of law (as Justice Breyer urged in his powerful dissent), such a refusal would have created a far cleaner and more-predictable landscape than the now-prevailing rule that ever-changing and difficult-to-measure consumer perceptions will, on a case-by-case basis, govern the registrability (and enforceability) of each generic.com mark. The resolution of the questions explored below, and several others, will define the legacy of the Court's *Booking.com* decision.

First, how will the Trademark Office determine whether the combination of a generic term and .com (or .net, .org, etc.?) yields "additional meaning to consumers capable of distinguishing the goods or services"? The Court was careful to clarify "we do not embrace a rule automatically classifying such terms as nongeneric." Accordingly, because the eligibility of a generic.com mark for registration will almost always require close and careful evaluation of acquired distinctiveness evidence, a tribunal of TTAB judges, rather than a single examiner, will likely initially set the standards for registration. Because of the potential ramifications of granting a generic.com registration, most trademark practitioners will welcome the scrutiny of three experienced trademark judges in the process. Over time, however, TTAB decisions become examination guidelines for individual trademark examiners. So, it remains to be seen if and when trademark examiners will be able to approve generic.com applications on their own.

Second, will the decision lead to the "proliferation of 'generic.com' marks" feared by Justice Breyer? Even though the Court left open the *possibility* of registering generic.com marks, there is no question that applicants will face a costly uphill battle to overcome the presumption that the applied-for generic.com mark is not registrable. In addition, the Trademark Office's records are publicly available online, and there is no way to submit evidence of acquired distinctiveness (typically sales and advertising data) under seal. Many companies consider this data commercially sensitive and will hesitate to make this information publicly available, at least until it can quantify the value of generic.com registration vis-à-vis the business risk of the disclosure.

Third, even if an applicant secures a registration for its generic.com mark, will the registration be a paper tiger (appearing powerful and threatening but ineffective under the scrutiny of litigation) that primarily serves vanity purposes? Will it block third parties that apply for composite marks incorporating the generic term as an element (with a disclaimer)? Only time will tell how the Trademark Office, TTAB, and federal district courts will handle the Herculean task of defining the exclusivity afforded the registration of a generic.com mark. The Court acknowledged two hypothetical conflicts raised by the Trademark Office with respect to BOOKING.COM – ebookings.com and hotel-bookings.com – but failed to offer any insight as to how such conflicts should be resolved. Nevertheless, the *threat* of trademark litigation is a powerful enforcement tool.

The Court suggests that concerns with overaggressive enforcement of generic.com registrations are mitigated by classic fair use principles and longstanding jurisprudence that conceptually-weak marks are entitled only to a narrow scope of enforcement. The Court's reliance on these counterbalances is perhaps naive, as the economic reality of trademark litigation (read: onerous fees and costs) often precludes a defendant's vindication of its rights. Even for defendants able to withstand the financial hardships of trademark litigation, the applicability of the classic fair use doctrine is somewhat limited by a general

requirement that the alleged infringer not use the disputed element in a source-identifying manner. Accordingly, after a trademark applicant has invested heavily in obtaining its generic.com registration, it has every incentive to build a halo around its registration.

Fourth, what other elements can be appended to a generic term to create a composite that may be registrable? It seems that *any* generic top-level domain (.net, .org, .co, etc.) could replace .com in the generic.com formula. But creative brand owners may seek to apply the Court's decision to @generic, #generic, 1-800-generic, and other combinations. The Court's decision leaves open the possibility that any combination by which consumers can distinguish the applicant from its competitors could be registrable.

Fifth, will the Trademark Office require applicants for generic.com marks to prove their ownership of the corresponding domain name? What will happen if the applicant/registrant no longer owns the domain name?

Finally, for the lion's share of brand owners that have taken advantage of the fact that .COM is essentially ignored for trademark purposes, will their strategies need to evolve? For example, under the Uniform Domain-Name Dispute-Resolution Policy (UDRP), the addition of a generic top-level domain name to a brand (i.e., BRAND.COM) does not typically mitigate confusing similarity with the brand. Likewise, the Trademark Office has typically allowed trademark applicants and registrants to freely amend their applied-for or registered marks from BRAND.COM to BRAND, BRAND to BRAND.COM, and BRAND.COM to BRAND.ORG without having to file a new application and/or re-establish priority. Will the arbitration panels deciding UDRP disputes modify their prevailing views on the significance of .COM? Will the Trademark Office revisit its guidelines for amendments involving generic top-level domain names? These possibilities seemingly affect more brand owners than the rare, exceptional circumstances in which a brand owner secures a generic.com trademark registration.

While the Court's decision raises a plethora of interesting and challenging questions, it unquestionably furthers a narrative established in the Court's recent decisions involving the registration of disparaging marks, the registration of vulgar marks, and the Patent Office's (and, by implication, the Trademark Office's) inability to recover attorneys' fees for federal district court challenges of its *ex parte* registration decisions – trademark practitioners and their clients should not be scared to challenge the Trademark Office's rulings. The Trademark Office is a constantly evolving agency, and its decisions, including decisions issued by the TTAB, are not always fatal to a motivated applicant.

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Resources

Supreme Court Affirms Addition of .Com to Generic Term Renders Booking.com Registrable

July 6, 2020

In a decision contrary to current Patent and Trademark Office (“PTO”) rules, the United States Supreme Court has found the mark BOOKING.COM as a whole is not generic and that combining a generic term with “.com” does not necessarily result in a composite term that also is generic.

Background

Booking.com B.V. (“Booking.com”) sought to federally register the mark BOOKING.COM, and related variations, for travel services. During examination, the PTO refused registration, finding the mark was generic for travel services. On appeal, the Trademark Trial and Appeal Board affirmed the refusal. Booking.com sought review of the decision before the U.S. District Court for the Eastern District of Virginia, and the district court concluded BOOKING.COM was not generic.^[1] The PTO appealed this decision to the Court of Appeals for the Fourth Circuit, which affirmed the district court’s holding and rejected the PTO’s assertion that combining “.com” with a generic term would result in a generic composite.^[2] The PTO then petitioned the Supreme Court for review of the Fourth Circuit’s decision, and the Court granted certiorari.^[3]

Decision

Writing for the majority, Justice Ginsberg began by outlining common principles that both parties adopted in their briefing.^[4] First, a generic term designates a genus of goods or services.^[5] Next, for a compound term, the distinctiveness determination focuses on the term’s meaning as a whole and not its separate parts.^[6] Finally, the Court explained the relevant meaning of a term is its meaning to consumers.^[7]

The majority explained that, based on these principles, for BOOKING.COM to be generic, consumers would have to understand other online hotel-reservation services to be a type of “Booking.com” or a “Booking.com” provider.^[8] The Court found that consumers do not perceive the term in this manner and that the PTO did not challenge this finding by the lower courts.^[9] Although the PTO argued that combining a generic term with a top-level domain (TLD) should generally result in a generic term, the Court observed that the PTO’s own practices were inconsistent because other generic TLD formatives are registered trademarks, such as ART.COM for art-related goods and DATING.COM for dating services.^[10]

The PTO’s argument relied on a 19th-century case where the Court held that adding a business designation such as “Co.” or “Inc.” to a generic term is insufficient to confer trademark protection on the composite term.^[11] The Court distinguished corporate designations such as “Co.” or “Inc.,” finding that, unlike a business identifier, a “generic.com” term may identify a specific website because only one entity can occupy a particular internet domain at a time, and a consumer could, therefore, infer that the domain Booking.com refers to a specific entity.^[12] Despite finding that BOOKING.COM was not generic, the majority stopped short of creating a blanket rule that a “generic.com” mark can never be generic.^[13]

Justice Sotomayor concurred with the judgment, observing that the majority cited various sources that could be used in determining a term’s genericness, and adding that whether BOOKING.COM is actually generic was not a question at issue in this case.^[14]

Justice Breyer dissented and agreed with the PTO’s position that adding “.com” does not create a registrable, source-identifying mark, but instead merely indicates the owner acquired a website.^[15]

Supreme Court Affirms Addition of .Com to Generic Term Renders Booking.com Registrable (Cont.)

Conclusion

Underlying the Court's decision is the fact that Booking.com also established it had acquired distinctiveness in the BOOKING.COM mark, including through the use of survey evidence. While the scope of protection against competitors is likely narrow, the Court's decision opens the door to registering marks consisting of generic marks with TLDs. After the Court's decision, brand owners can expect the PTO to issue further guidance and Dykema can guide owners in proving acquired distinctiveness and navigating the PTO rules.

For more information about this decision, please contact Jennifer Fraser (202-906-8712 or jfraser@dykema.com), Eric Fingerhut (202-906-8618 or efingerhut@dykema.com), Ryan Borelo (210-554-5216 or rborelo@dykema.com), or your Dykema relationship attorney.

[1] *Booking.com B.V. v. Matal*, No. 1:16-cv-425(LMB/IDD), 2017 U.S. Dist. LEXIS 178271 (E.D. Va. Oct. 26, 2017).

[2] *Booking.com B.V. v. United States Patent and Trademark Office*, 915 F.3d 171 (4th Cir. 2019).

[3] *United States Patent and Trademark Office v. Booking.com B.V.*, 140 S. Ct. 489 (2019).

[4] *United States Patent and Trademark Office v. Booking.com B. V.*, No. 19-46, 2020 U.S. LEXIS 3517, *10 (June 30, 2020).

[5] *Id.*

[6] *Id.* at *11.

[7] *Id.*

[8] *Id.* at *11-12.

[9] *Id.* at 12.

[10] *Id.* at 12-13.

[11] *India Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U. S. 598 (1888).

[12] *Id.* at *15.

[13] *Id.* at *16.

[14] *Id.* at *21-22.

[15] *Id.* at *38-39.

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Practice Areas

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