

# Supreme Court: Booking.com and Other Domain Names Combining a Generic Term with “.com” Can Be Registered and Protected as Trademarks

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Can a brand that combines a generic term with a top-level domain such as .com, .net, or .org, be registered and protected as a trademark? In a decision issued today, the U.S. Supreme Court said yes, provided that the significance of the whole mark to consumers is as a mark - denoting a source of goods or services - rather than as a generic term. The case is *United States Patent and Trademark Office v. Booking.com B.V.*, and it involves Booking.com's appeal of the United States Patent and Trademark Office's (USPTO) refusal to register several forms of its mark BOOKING.COM for its online hotel-reservation services.

This decision represents an important development in the law regarding the line between generic and descriptive marks. In particular, it provides the potential for valuable trademark protection for companies that have invested heavily in, and built well-known businesses around, brands that combine generic terms with ".com" or other top-level domain names. However, consistent with long-established trademark law principles, such brands will only achieve this protection when there is strong evidence that they have acquired distinctiveness and don't serve merely as tools for consumers to locate websites.

## Generic Terms

It is well established that a generic term used by consumers to refer to a type of product or service cannot function or be registered as a trademark. For example, a business cannot register COMPUTER as a trademark for laptops and personal computers. The USPTO has taken the position that top-level domain names like ".com," ".org," and ".net" are inherently generic and incapable of functioning as trademarks, as they merely direct consumers to a specific location on the internet.

The key question in *Booking.com* was whether the combination of a generic term with a generic top-level domain like ".com" results in a term that is still generic, or one that is merely descriptive. The distinction is important, because a generic term can never be registered, while a business can register a descriptive mark if it proves "secondary meaning:" that through extensive and substantially exclusive use and promotion, consumers have come to recognize the mark as a brand that points to a single source of goods or services sold under the mark.



## **Case Background**

The USPTO's position has been to usually refuse registration of what it has termed "generic.com" marks. Booking.com applied to register BOOKING.COM in 2012 and received a refusal from the USPTO on the grounds that the "mark" was actually a generic combination of generic terms. Booking.com appealed to the U.S. District Court for the Eastern District of Virginia, which disagreed with the USPTO. While "booking" and ".com" may be generic, the court stated, their combination is not generic but rather merely descriptive. Because Booking.com had submitted survey evidence showing that consumers tend to understand BOOKING.COM as a distinctive brand rather than a category of product, the court reversed the refusal. The U.S. Court of Appeals for the Fourth Circuit affirmed the decision.

In arguments before the Supreme Court that were largely adopted in Justice Breyer's dissent, the USPTO relied heavily on the Court's 1888 decision in *Goodyear*, which found that the addition of a corporate designation such as COMPANY, INC., or LTD. to an otherwise generic name does not make the mark as a whole registrable. However, Booking.com argued that this decision, which was issued before Congress passed the current federal law regarding trademarks is not the current standard. Rather, Booking.com argued, the key inquiry is primary significance, or how consumers perceive the mark: as a brand or as a generic term. Booking.com presented survey evidence that 74.8% of consumers identified BOOKING.COM as a brand name.

The USPTO also argued that the prohibition on registration of generic terms was created so that no one business can monopolize a term that is used by consumers to refer to a type of product or service, rather than a specific *brand* of product or service. If BOOKING.COM were to register, it claimed, Booking.com may be able to enforce its monopoly in a way that prevents competitors not only from using the mark BOOKING.COM but also from using similar domains incorporating "booking." In response, Booking.com argued that, even if its mark is a descriptive mark that is registrable due to acquired distinctiveness, its rights in this mark would be very limited under well-settled case law. Rather, obtaining a registration would allow Booking.com to more effectively address internet scams, outright counterfeiting, and clear infringement of its mark in the U.S. and abroad.

## **Supreme Court's Decision**

In an 8-1 decision written by Justice Ginsburg (Justice Breyer dissented), the Supreme Court affirmed the Fourth Circuit's ruling and held that Booking.com's mark could be registered. The Court held that a broad rule that all "generic.com" terms are generic for a class of goods or services, as championed by the USPTO, is not in keeping with federal trademark law. Rather, the Court stated, a "term styled 'generic.com' is a generic name for a class of goods or services *only if the term has that meaning to consumers*" (emphasis added). In this case, Booking.com established that consumers did not view its mark as a generic term, but

rather as a source-identifying brand and therefore its mark was registrable.

In reaching its decision, the Court adopted a compelling point raised by Booking.com: that consumers do not consider a "Booking.com" to be a class of goods, in that they would not describe competitors as "a Booking.com" or describe a particular business as their "favorite 'Booking.com' provider." When used by consumers, BOOKING.COM refers to a single business and source of services. The Court also cited the USPTO's past inconsistent applications of its "generic.com" rule as further suggesting that such a bright-line rule would be inconsistent with trademark law.

The Court disagreed with the USPTO that *Goodyear* dictated the outcome of the case at hand. Whereas *Goodyear* found that the combination of a term like "Company" with other generic terms would not be eligible for registration, the Court found that the addition of a term such as ".com" lends a different, distinct meaning. Adding ".com" to a generic term indicates a specific Internet domain and, by definition, only one business can own a particular domain at a time. Therefore, "generic.com" marks can have additional source-indicating properties beyond those of a "Generic Company." Most significantly, the Court found that the USPTO had misinterpreted *Goodyear* as stating that "Generic Company" names are ineligible for trademark protection as a matter of law. In fact, the Court stated, the standard has always been that a term or combination of terms is generic only if consumers view it as such.

Finally, the Court addressed the USPTO's concerns regarding possible anticompetitive enforcement of the mark BOOKING.COM. The Court stated that well-established principles regarding the scope and enforcement of descriptive marks are applicable in this case just as they are in others. The competitive advantage of owning the domain booking.com does not dictate that this mark should be denied federal registration and, in fact, it would be unfair to deny the same benefits received by other non-generic marks to the mark BOOKING.COM.

Justice Sotomayor filed a concurring opinion clarifying that consumer survey evidence should not be considered to be the final word in assessing whether a term is generic. This is consistent with the majority's decision, but further emphasizes that businesses looking to register "generic.com" marks will need to present compelling evidence drawn from a variety of sources regarding the significance of a mark to consumers.

The Court's ruling today affirms a partial grant of summary judgment issued by the district court, and the USPTO will be ordered to register certain of Booking.com's applications for its hotel reservation services. However, because the district court found that Booking.com had not adequately proven acquired distinctiveness as to its travel agency services, the USPTO will not be required to register the BOOKING.COM marks for those services at this time. Booking.com's additional applications containing design elements will be remanded for further consideration by the USPTO.



The *Booking.com* decision reflects a continued trend by this Court to disfavor judicial bright-line tests. It is an important development for ".com" and similar brands. Consider, for example, that HOTELS.COM was denied exactly the protection that was given to BOOKING.COM today. Finally, the ruling should benefit consumers by providing an important weapon to the owners of these marks to take action against counterfeit websites that seek to defraud and otherwise harm the unwary.

For additional information, please contact Sheldon Klein or your regular Lathrop GPM contact.