

# Dot-Com Hits the Supreme Court

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## Breaking News!

### What happened?

The United States Supreme Court recently announced that it has granted certiorari in *United States Patent and Trademark Office v. Booking.com B.V.*, a case about whether the addition of ".com" (a top-level domain name

or "TLD") affects consumer perception of an otherwise generic term.

Booking.com B.V. ("Booking.com") is before the Supreme Court after lower federal courts reversed the decisions of the U.S. Patent and Trademark Office ("USPTO") and Trademark Trial and Appeal Board ("Appeal Board") to refuse Booking.com's applications to register its trademarks. The refusal to register was based on the federal law governs trademarks, the Lanham Act.

Booking.com filed several applications to register the name of their online hotel booking website, BOOKING.COM, as a trademark. The USPTO refused to register the trademarks, and the Appeal Board upheld the refusals. The company, dissatisfied with the refusal, took their case to federal court.

The United States District Court for the Eastern District of Virginia decided, and the United States Court of Appeals for the Fourth Circuit affirmed, that the company's BOOKING.COM trademarks are potentially registrable as descriptive marks that have acquired distinctiveness, because BOOKING.COM is non-generic when the public understands the trademark as a whole to refer to the company's brand. Significant survey evidence influenced the decisions. With this survey evidence, the company was able to demonstrate that a majority of consumers link BOOKING.COM not with online hotel booking services generally, but with a specific company providing the services. That link – from the trademark to the source of the services – is essential to whether a term is considered "distinctive" and, therefore, registrable as a trademark.

The USPTO petitioned the Supreme Court to review the decision, particularly because the USPTO believes that it conflicts with certain prior decisions of the U.S. Courts of Appeals for the Ninth Circuit and Federal Circuit.

Those prior decisions held that the addition of a descriptive component to a generic term does not transform the generic term into something that is registrable as a trademark.

Now, the highest court in the country will decide the issues.

## Why wouldn't the USPTO register the trademark?

The USPTO's principal basis for refusing registration of the BOOKING.COM marks is a provision of the Lanham Act, which bars registration of trademarks that are generic for the applicant's products or services. A generic term cannot distinguish and designate the source of a product or service, as required for federal registration, because it is the term for the product or service itself.

Booking.com provides the service of making reservations for hotel accommodations. The USPTO determined that Section 2(e) of the Lanham Act barred federal registration of its marks because the word "booking" means exactly what the identified services are - making reservations for hotel accommodations. In reaching its decision, the USPTO also relied on a Federal Circuit precedential opinion that the addition of a top-level Internet domain name, or TLD (e.g., .org, .biz, or .com), generally does not add source-identifying significance to a generic term in the same way that the addition of the word "COMPANY" generally does not add source-identifying significance to make a generic term distinctive.

## **Is BOOKING.COM generic?**

The Supreme Court has established five categories for trademark distinctiveness. Trademarks can be (1) generic, (2) descriptive, (3) suggestive, (4) arbitrary, or (5) fanciful. A trademark is generic if it is the common name for the good or service itself. A trademark is descriptive if it describes a quality or characteristic of the good or service. A trademark is suggestive if it suggests but does not describe a quality or characteristic of the goods or services. A trademark is arbitrary if it has meaning but is in no way related to the goods or services (e.g., APPLE® for computers). Finally, fanciful marks have no meaning other than as a trademark (e.g., EXXON®).

Suggestive, arbitrary, and fanciful marks are considered inherently distinctive and capable of registration. Descriptive marks are only distinctive (and capable of registration) upon proof that the mark has acquired a secondary meaning, apart from the descriptive meaning. This requires the applicant to establish that consumers recognize the trademark as a source indicator, and rely on it to distinguish the trademark owner's goods or services from the goods or services of others. An otherwise descriptive trademark that has acquired distinctiveness can meet the requirements for registration. Secondary meaning often occurs after long-term use and significant advertising expenditure to create brand recognition among consumers. Generic terms, on the other hand, are never registrable.

Although the USPTO has established tests for analyzing whether a mark is "generic," there can be substantial debate over whether a particular term is generic or descriptive. Applying the five categories above is often more art than a science. In this case, the debate is made more complex because of the potential effect of the added ".com" element.

## **What might happen?**

If the Supreme Court agrees with Booking.com's arguments, the company will secure trademark registrations from the USPTO for the BOOKING.COM marks. Such a holding could result in a flood of trademark applications to the USPTO, from applicants who earlier believed their domain names were generic and not registrable. If the Supreme Court agrees with the USPTO that BOOKING.COM is generic, then the refusal to register will stand.

## **Why does it matter?**

With or without registration, Booking.com can continue to use its trademarks. But registration confers substantial benefits to the trademark owner. Registration provides, among other things, notice of ownership of a trademark (through use of the ® symbol) to those who might sell a competing product or service. Thus, registration discourages others from using confusingly similar names or trademarks. Registration also provides a legal presumption of ownership in cases involving trademark infringement. From Booking.com's perspective, it has invested substantial time and resources to establish brand recognition for the BOOKING.COM marks. It's now seeking legal recognition of the same through trademark registration.

On the other hand, the USPTO is concerned that registration of the BOOKING.COM marks may contribute to a landscape where companies in various fields register their own generic term domain names and seek to enforce their exclusive rights against online competitors. Trademark law has traditionally held that the registration of generic terms for goods and services is prohibited because all companies should be free to use them in the advertising of their goods and services. This concern that there will be anticompetitive consequences is an underlying theme in the USPTO's arguments.

## **Conclusion**

Does the addition of ".com" to a trademark simply indicate an online presence? Or, does the addition of ".com" alter the meaning of a generic term? How does ".com" alter its meaning? Is this the same as adding "company" to an otherwise generic term? What about adding a hashtag? If trademarks function when they indicate a single source of goods or services, and *only one* company can own the *www.booking.com* domain name, then does it even matter? This line of questioning is some of what we expect from the Justices of the Supreme Court during oral argument.

It will be interesting to see how the Supreme Court decides this case. However, even if Booking.com ultimately secures registrations for its marks, the resulting registrations may be construed so narrowly as to provide little of the legal protection or value that would be associated with a registration for a more distinctive term. For this reason, it is important to seek legal counsel when selecting a trademark. Fanciful, arbitrary, and suggestive terms make the strongest marks.

If you need guidance with trademark selection or other trademark issues, please contact an attorney with our intellectual property practice section for more information.

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