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United States Patent and Trademark Office v. Booking.com B.V.

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The Supreme Court yesterday in *United States Patent and Trademark Office v. Booking.com B.V.* issued an 8–1 decision rejecting a per se rule that “generic.com” terms can never function as trademarks, opening the door for registration of many well-known marks.

Background

It is a well-established principle of trademark law that generic terms, those which directly identify a “class” or particular good or service, have no capacity to distinguish goods in commerce and are not eligible for trademark protection. 15 U.S.C. § 1052; *Park ’N Fly*, 469 U. S. 189, 194 (1985) (“A generic term is one that refers to the genus of which the particular product is a species.”). This common-sense rule bars the registration of, for example, “Cars” as a trademark for the sale of cars. The reason for this rule is two-fold: consumers will not recognize the term “cars” as denoting any particular seller, and other car sellers need to use the word in order to compete commercially. *Id.*; *In re Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 828 F.2d 1567, 1569 (Fed. Cir. 1987) (“Generic terms, by definition incapable of indicating source, are the antithesis of trademarks, and can never attain trademark status.”).

The treatment of generic terms is in sharp contrast with words that have no meaning in connection with the associated goods, such as APPLE for computers, KODAK for film, or COPPERTONE for sunscreen, which are immediately protectable as trademarks, and words that describe an aspect of the associated goods, such as INTERNATIONAL BUSINESS MACHINES or CHAPSTICK, which are protectable trademarks only after they have become distinctive through use such that consumers learn to identify them as trademarks.

The United States Patent and Trademark Office has held that adding “.com” to a generic term did not in any way change the generic nature of the mark. Under this per se rule, “generic.com” names could *never* function as a mark no matter how widely recognized they had become. This rule has left many well-known marks, such as BOOKING.COM, without a registration for their core goods and services.

Decision and dissent

In this case the PTO had refused to register four trademark applications that included BOOKING.COM for travel-related booking services. After exhausting its administrative remedies, Booking.com sought review of this decision to the U.S. District Court for the Eastern District of Virginia, and submitted new evidence that the mark was not seen as generic by consumers and had acquired distinctiveness as a trademark. The district court concluded the evidence presented by Booking.com showed that BOOKING.COM had distinctiveness and therefore should be registered. The PTO appealed and, when the Fourth Circuit affirmed, the PTO appealed to the Supreme Court.

Writing for the majority, Justice Ginsburg rejected the PTO's per se rule that "generic.com" terms are always generic, holding that "[b]ecause 'Booking.com' is not a generic name to its consumers, it is not generic." *United States Patent and Trademark Office v. Booking.com B.V.*, 591 U. S. ____ (2020).

In arriving at the holding, the Court noted three principles for when a term is generic, to which both parties agreed. First, a "generic" term names a "class" of goods or services, rather than any particular feature or exemplification of the class. Second, the distinctiveness inquiry of a compound word is based on the meaning as a whole and not its parts in isolation. Third, the relevant meaning of a term is its meaning to consumers.

In applying the principles, the Court noted that whether BOOKING.COM is generic turns on whether that term, taken as a whole, signifies to consumers the class of online hotel-reservation services. Given the evidence presented by Booking.com to support its claim of acquired distinctiveness of this mark, as well as the PTO's acquiesces to this point, the Court found that BOOKING.COM is in fact not generic and affirmed the judgement of the Court of Appeals for the Fourth Circuit.

The Court also rejected the PTO's argument that "no matter how much money and effort the user of a generic term has poured into promoting the sale of its merchandise, ... it cannot deprive competing manufacturers of the product of the right to call an article by its name." *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F. 2d 4, 9 (CA2 1976). The Court noted that this argument was misplaced because it wrongly presupposed that "generic.com" terms are always generic.

The Court was careful to note, however, that the holding does not go so far as to automatically classify "generic.com" terms as non-generic. Instead, whether such a term functions as a mark "depends on whether consumers in fact perceive that term as the name of a class or, instead, as a term capable of distinguishing among members of the class." *Booking.com* at ____.

In a dissenting opinion, Justice Stephen Breyer focused on BOOKING.COM simply being an internet booking service, which is the generic product that Booking.com and its competitors sell. Justice Breyer submitted that making such terms eligible for trademark protection will lead to a proliferation of monopolies over useful, easy-to-remember domains, which will inhibit, rather than promote, free competition in online commerce. The Court addressed this concern by pointing out that infringement doctrines like likelihood of confusion and fair use will restrict the scope of protection accorded to "generic.com" marks and therefore protect against this chilling effect.

Implications

This decision means brand owners should no longer be categorically denied trademark protection of “generic.com” marks by the PTO. Instead, brand owners will be given the opportunity to register such terms by showing that consumers recognize them as a trademark, and the PTO will now consider this evidence. While this is a significant change, brand owners should be prepared to gather and present evidence, possibly including a well-designed survey, in order to satisfy the PTO that the term functions as a trademark.

Although this is a very positive development for brand owners who use generic terms in connection with a “.com” or similar top level domain as marks, when adopting a new mark, brand owners should continue to strive to develop and use strong, inherently distinctive trademarks that can be immediately registered and protected.

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