

US Supreme Court Holds That Adding '.com' to Generic Name May Create Protectable Trademark

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On June 30, 2020, the U.S. Supreme Court decided *United States Patent and Trademark Office et al. v. Booking.com B.V.* and resolved a circuit split by ruling that adding “.com” to the end of an otherwise generic name may render that name descriptive and thus potentially protectable as a trademark. The 8-1 decision has significant implications for brand owners, particularly those who have developed or intend to develop substantial goodwill in a mark that also constitutes a domain name.

Background

To be protectable under the federal Lanham Act, a trademark must be “distinctive” or “capable of distinguishing the applicant’s goods from those of others.” 15 U.S.C. § 1127. Words that are merely common names for objects and services are “generic” and can never receive trademark protection, because no trademark owner can be granted a monopoly over a term that the public needs to use to refer to those objects and services. Marks that are “descriptive” — *i.e.*, that describe the function, use, characteristic, size or intended purpose of a good or service (*e.g.*, “5 MINUTE GLUE” for quick-dry glue) — are capable of receiving trademark protection, but only to the extent that those marks have, through use in commerce, become associated with a single source of goods or services among relevant consumers. This later acquired distinctiveness is often referred to as “secondary meaning.”

In the present case, Booking.com B.V. sought federal trademark registration for “Booking.com” in connection with its online travel and hotel reservation services, but the application was rejected by the U.S. Patent and Trademark Office on the grounds that “Booking.com” is generic as applied to such services. In so holding, the Trademark Office considered, but ultimately rejected, the argument that the addition of “.com” was sufficient to render the mark descriptive. It expressly rejected Booking.com B.V.’s argument that the mark was registerable upon a demonstration of secondary meaning. The Trademark Trial and Appeal Board affirmed the rejection of the application on the same grounds.

In a subsequent civil suit brought by Booking.com B.V., the U.S. District Court for the Eastern District of Virginia reversed the rejection, holding that (1) while “booking” is a generic term and “.com” is a generic term, the combination of the two creates a descriptive mark, and (2) the applicant carried its burden of demonstrating that the mark has acquired secondary meaning. *Booking.com v. Matal*, 278 F. Supp. 3d 891, 923 (E.D. Va. Aug. 9, 2017). The U.S. Court of Appeals for the Fourth Circuit agreed in both respects. *Booking.com B.V. v. United States Patent & Trademark Office*, 915 F.3d 171, 181-82 (4th Cir. 2019).

The Fourth Circuit’s decision created a circuit split. The Ninth and Federal circuits had held that adding “.com” to an otherwise generic term cannot create a descriptive mark. In granting *certiorari*, the Supreme Court took the opportunity to resolve that split.

The Supreme Court’s Ruling

In its decision, the Supreme Court affirmed the Fourth Circuit’s ruling and agreed that the addition of “.com” to the otherwise generic term “booking” created a descriptive mark eligible for trademark protection upon demonstration of secondary meaning.

Justice Ruth Bader Ginsburg, writing for the majority, first elaborated on the general “guiding principles” regarding generic marks, relying on the Court’s precedent and the relevant provisions of the Lanham Act. First, Justice Ginsburg explained that a “generic”

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term is one that refers to a class of goods or services, rather than any particular feature of that class. Second, when considering compound terms, distinctiveness is properly analyzed by considering the mark's meaning as a whole, not by breaking down a mark into constituent parts and only reviewing those parts in isolation. Finally, the relevant inquiry for distinctiveness is the meaning of a mark to consumers — *i.e.*, how consumers perceive that mark.

Applying these guiding principles, the majority's conclusion that "Booking.com" was not generic was straightforward. Although "booking" and ".com" are generic on their own, when combined together, the unified term "Booking.com" is not generic; as Justice Ginsburg noted, a contrary holding would lead to the nonsensical conclusion that consumers consider a competitive service like Travelocity "to be a 'Booking.com'" or that consumers seeking information concerning online reservation services would "ask a frequent traveler to name her favorite 'Booking.com' provider." That both the trademark applicant and the Trademark Office agreed that consumers do not perceive "Booking.com" that way — that is, as describing an entire class of goods or services, as opposed to distinguishing one particular entity among members of that class — was dispositive.

The majority devoted the remainder of the opinion rejecting the Trademark Office's argument for an inflexible rule that adding ".com" to an otherwise generic term is incapable of conveying additional meaning that would distinguish that mark from the services of others in its class. Notably, the majority disagreed with the Trademark Office's argument that protecting "generic.com" marks would "disserve trademark law's animating policies" by hindering competitors and permitting parties to obtain exclusivity over terms that should be free for all parties to use — *e.g.*, "booking" and similar terms. Justice Ginsburg explained that such concerns apply to all descriptive marks, and that those potential anti-competitive effects are mitigated both by the requirement that the mark owner demonstrate secondary meaning and by the fact that infringement is only found upon a finding of consumer confusion.

In a brief concurring opinion, Justice Sonia Sotomayor agreed that there is no *per se* rule against trademark protection for "generic.com" terms but added two observations: (1) addressing a point raised by Justice Stephen G. Breyer in dissent, Justice Sotomayor noted that consumer surveys (which may be unreliable) are not the "be-all and end-all" to demonstrate distinctiveness; and (2) although the issue was not before the Supreme Court, the Trademark Office may have properly found, based on dictionary and usage evidence, that the "Booking.com" mark is, in fact, generic, and that the district court may have erred in ruling the mark distinctive.

In dissent, Justice Breyer disagreed that "Booking.com" was anything other than a generic term that merely informs the consumer of the basic nature of its business. Advocating for a broader preclusive rule because he believes that "generic.com" terms are necessarily generic themselves, Justice Breyer expressed concern that the majority's decision would "lead to a proliferation of 'generic.com' marks, granting their owners a monopoly over a zone of useful-to-remember domains."

Looking Ahead

The Supreme Court's resolution of the circuit split and express rejection of a *per se* rule barring "generic.com" trademark registrations likely will lead to an influx of applications for such marks with the Trademark Office, as more and more brand owners will seek to obtain exclusivity in marks that are also domain names. In addition, because the majority's discussion of "guiding principles" is not limited to the requirements for federal trademark registrations, but rather discusses eligibility for trademark protection more generally, there may be new infringement and unfair competition litigation brought by domain name owners who will now feel more confident claiming common law protection in "generic.com" marks. Of course, whether seeking registration or asserting rights in judicial proceedings, the burden will remain on putative mark owners to demonstrate secondary meaning.

Whether or not the Court's decision generates the anti-competitive effects Justice Breyer cautioned against will largely depend on how stringently the Trademark Office and the courts (1) apply the secondary meaning burden, and (2) evaluate likelihood of confusion when determining liability. With respect to secondary meaning, given its opposition to registration of "generic.com" marks, it is reasonable to expect that the Trademark Office will be skeptical when examining "generic.com" applications and perhaps be reluctant to grant such applications in the absence of a compelling showing of distinctiveness. With respect to infringement, it is notable that in the current case, even Booking.com itself acknowledged that its trademark would be a "weak" one, and that as a descriptive mark the ability to demonstrate consumer confusion would be elevated such that variations of the mark that contain similar wording may be less likely to infringe. Presumably, that will be true of other "generic.com" marks as well.

Finally, the Court's decision may implicate a host of additional generic top-level domains, such as ".net," ".edu" and ".org." The Court's general rationale principally concerns consumer perception, and nothing in the opinion suggests that ".com" should be treated any differently from other generic top-level domains. Accordingly, there may be a proliferation of applications with the Trademark Office (and litigations) concerning alleged trademarks comprised of a generic term combined with these other top-level domains.