

NYIPLA Virtual Panel Discussion: Looking at *Booking*

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As is often the case, technology develops faster than the law. In that connection, courts are often called upon to apply legislation from yesteryear to technology which, at the time the legislation was passed, would have been categorized as science fiction. Such was the conundrum faced by the Supreme Court in having to apply the Lanham Act – the 1946 statute governing the registrability of trademarks – in determining whether BOOKING.COM was a valid trademark.

On June 30, 2020, the Supreme Court, in an 8 to 1 decision authored by Justice Ginsburg, rejected a sweeping rule that a protectable trademark cannot be created by adding “.com” to an otherwise generic term. Rather, the Supreme Court held that a term will only be generic if, in the eyes of consumers, the term connotes a generic name for the specified goods or services for which the applicant seeks registration.

As background, Booking.com, the online travel company, filed four trademark applications containing the term BOOKING.COM for “online hotel reservation services.” The U.S. Patent and Trademark Office (USPTO) refused to register the trademarks concluding that the term “booking” was generic for hotel reservation services and merely adding the generic top-level domain “.com” did not suffice to create a protectable trademark.

Booking.com appealed the rejections to the Trademark Trial and Appeal Board (TTAB), which affirmed the refusals. Booking.com sought a *de novo* review of the TTAB’s decision in the United States District Court for the Eastern District of Virginia. As part of that review, Booking.com submitted survey evidence showing how consumers perceived BOOKING.COM. The District Court determined that BOOKING.COM was not generic and that the consumers “primarily understand that BOOKING.COM does not refer to a genus, but rather it is descriptive of services involving ‘booking’ available at the domain name.”

On appeal, the Fourth Circuit affirmed and held that the District Court did not err in determining how consumers perceive BOOKING.COM. The Fourth Circuit also rejected the USPTO’s argument that the combination of “.com” with a generic term is necessarily generic.

The Supreme Court granted certiorari on the question of whether the addition by an online business of “.com” to an otherwise generic term can create a protectable trademark.

In its decision, the Court outlined several guiding principles for determining whether a term is generic. First, a generic term identifies a class of goods or services, and not a particular feature or exemplification of the class of goods or services. Second, when examining a compound term, one must look at the meaning of the term as a whole, not its individual parts. And third, that the relevant meaning of a term is its meaning to consumers. This is because eligibility for registration turns on a mark's ability to distinguish goods or services in commerce.

With these guiding principles in mind, the Supreme Court addressed the question of whether BOOKING.COM, taken as a whole, signifies to consumers the class of online hotel registration services. In addressing this question, the Court reasoned that:

if "Booking.com" were generic, we might expect consumers to understand Travelocity—another such service—to be a "Booking.com." We might similarly expect that a consumer, searching for a trusted source of online hotel-reservation services, could ask a frequent traveler to name her favorite "Booking.com" provider.

The Court noted that all parties agreed that consumers do not perceive BOOKING.COM in such a fashion. Despite recognizing that such an agreement should resolve the case, the Court went on to address several arguments raised by the USPTO.

At the outset, the USPTO advocated for a nearly *per se* rule that the addition of ".com" to a generic term results in a combination that is generic. Stated differently, absent some extraordinary circumstance, every generic name followed by ".com" would not receive trademark protection. The Court, preliminarily, questioned such a *per se* rule as being inconsistent with the USPTO's own past practices with respect to awarding registrations to certain other ".com" marks, such as ART.COM and DATING.COM.

Going forward, the Court next analyzed the USPTO's reliance on *Goodyear's India Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598 (1888) which held that adding a generic corporate designation to a generic term did not confer eligibility for trademark protection.

The Court rejected the logic behind this argument as "faulty." The Court noted that a "generic.com" term might also convey to consumers a source identifying characteristic, in particular, the association with a specific website. This is because, unlike a corporate name, only one entity can occupy a specific domain name. Thus, a consumer familiar with a domain name, such as <booking.com>, can infer that BOOKING.COM refers to the entity that owns the domain. The Court, likewise, criticized the USPTO's interpretation of *Goodyear* on the grounds that its interpretation entirely disregards consumer perception.

Next, the Court addressed the USPTO's concerns that allowing trademark protection to a term such as BOOKING.COM would hinder competition. In that

connection, the Court concluded that competitors would be protected through settled trademark law which not only makes it more difficult to enforce marks that are descriptive, but also authorizes the fair use of trademarks in certain circumstances.

The Court concluded its analysis by discounting the USPTO's argument that: (i) "generic.com" brands do not need trademark protection as they have already seized a domain that no other website can use; and (ii) even if BOOKING.COM is generic, unfair competition law operates to prevent others from passing off their services as those offered by Booking.com. With respect to the first point, the Court concluded that the existence of competitive advantages does not disqualify a mark from federal registration. And with respect to the second point, the Court concluded that despite the existence of federal unfair competition law, federal trademark registration offers additional protection.

The Court's holding is not a surprise. At the end of the day, whether a term qualifies for federal trademark protection turns on how consumers perceive the potential mark. This is because, as explained by the Supreme Court "consumer perception demarcates the term's meaning." And since the test for determining whether a term is generic depends on consumer perception, it is likely that survey evidence will be critical in making such a determination.

Note: Rivkin Radler LLP, as counsel of record, participated in the preparation of an amicus brief filed with the Supreme Court on behalf of the New York Intellectual Property Law Association which advanced arguments that were consistent with the Supreme Court's holding