U.S. SUPREME COURT ALLOWS BOOKING.COM TO REGISTER ITS DOMAIN NAME AS A TRADEMARK

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Intellectual Property Alert

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On 30 June 2020, the *U.S. Supreme Court held in U.S. Patent and Trademark Office v. Booking.com B.V.*[1] that "Booking.com" is eligible for trademark registration because consumers do not perceive "Booking.com" as a generic name.[2] The 8–1 decision written by Justice Ginsburg rejected the U.S. Patent and Trademark Office's (PTO) argument that when a generic term is combined with a generic Internet-domain-name suffix like ".com," the resulting combination is necessarily generic, noting that such an unyielding legal rule that entirely disregards consumer perception is incompatible with the Lanham Act. On 2 July 2020, the Supreme Court also vacated the Fourth Circuit's prior order that Booking.com pay the PTO's attorneys' fees incurred when appealing the PTO's refusal to federal court, and it remanded for further consideration in light of the Supreme Court's December 2019 ruling in *Peter v. NantKwest, Inc.*[3] that the Patent Act's similar provision allowing the PTO to recover "all expenses" does not include attorneys' fees.

BACKGROUND

U.S. trademark law bars registration of generic terms, but it permits registration of merely descriptive terms in certain circumstances. If the terms have acquired enough "secondary meaning" through use in the marketplace that the public has come to recognize them as indicators of source, rather than as terms used to describe goods or services, registration is permitted.

In 2012 and 2013, Booking.com applied to register "Booking.com" as a word mark and as three stylized logos for "online hotel reservation services." The PTO refused to register all four trademark applications on the ground that Booking.com is generic for the applied-for services. The Trademark Trial and Appeal Board affirmed the PTO's refusals.

Booking.com appealed to the Eastern District of Virginia in 2016 and submitted new evidence, including a survey indicating that 74.8 percent of consumers recognized "Booking.com" as a brand rather than a generic service. The district court partially granted Booking.com's motion for summary judgment, holding that although "Booking" was a generic term for the identified services, "Booking.com" as a whole was nevertheless a descriptive mark. The district court further held that Booking.com had met its burden of demonstrating that the proposed mark had acquired secondary meaning and was therefore protectable for hotel reservation services.

On 4 February 2019, the U.S. Court of Appeals for the Fourth Circuit affirmed the district court's holding that the mark was entitled to registration. The U.S. Supreme Court granted the PTO's petition for a writ of certiorari.

GINSBURG MAJORITY OPINION

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The U.S. Supreme Court affirmed the Fourth Circuit decision and held that “Booking.com” is eligible for registration as a U.S. trademark. The Supreme Court held that 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. Because, as the lower courts determined and the PTO did not contest on appeal, consumers do not perceive the term “Booking.com” to signify generic online hotel-reservation services, this term is not generic and may be eligible for federal trademark registration.

The Supreme Court rejected the PTO's proposed rule that when a generic term is combined with a generic Internet-domain-name suffix like “.com,” the resulting combination is always generic, regardless of consumer perception. The Supreme Court noted that the PTO's own past practice did not follow such a comprehensive rule, as evidenced by the registration of ART.COM on the principal register for online retail store services offering art prints, or the registration of DATING.COM on the supplemental register for dating services.

The Supreme Court held that the common law principle applied in *Goodyear's India Rubber Glove Manufacturing Co. v. Goodyear Rubber Co.*[4] does not compel a different result. In *Goodyear*, which predated the Lanham Act, the Supreme Court held that adding the word “Company” to a generic term supplied no protectable meaning and therefore did not create a protectable trademark. In contrast, Justice Ginsburg wrote that because only one entity can occupy a particular Internet domain at a time, a consumer may assume that “Booking.com” refers to some specific entity. In addition, Justice Ginsburg wrote that the PTO's proposed unyielding legal rule entirely disregards consumer perception, which is the bedrock principle of the Lanham Act. Thus, the Supreme Court held that whether any given “generic.com” term is generic 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. Consumer perception can be shown by surveys, dictionaries, actual usage, and other evidence.

SOTOMAYOR CONCURRENCE

Justice Sotomayor concurred in the judgment and rejected the proposed per se rule against trademark protection for a “generic.com” term. However, Justice Sotomayor noted that survey evidence may be an unreliable indicator of genericness, and the PTO may well have properly concluded based on dictionary and usage evidence that Booking.com is in fact generic for the class of services at issue. But Justice Sotomayor noted that the PTO did not contest the lower courts' findings based on the submitted survey evidence, and so, this question was not before the Supreme Court.

BREYER DISSENT

Justice Breyer dissented, arguing that the term Booking.com for booking services is generic because the term does no more than name the product or service provided. Justice Breyer wrote that the *Goodyear* principle that adding “Company” to a generic term does not create a protectable trademark is sound, and the same principle should apply to domain names because domain names likewise have no capacity to identify and distinguish the source of goods or services. Justice Breyer wrote that withholding trademark registration from such terms preserves the linguistic commons by preventing one producer from monopolizing a term needed by others to describe their goods or services. Thus, according to Justice Breyer, allowing trademark protection for “generic.com” marks is inconsistent with trademark principles and sound trademark policy.

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VACATING AND REMANDING FOURTH CIRCUIT'S AWARD OF PTO'S ATTORNEYS' FEES

On 2 July 2020, two days after ruling that “Booking.com” is eligible for trademark registration, the Supreme Court granted Booking.com's previously filed petition to vacate the Fourth Circuit's order that Booking.com pay the PTO's attorneys' fees incurred in appealing the PTO's refusal to a federal district court, and it remanded the case for further consideration in light of the Supreme Court's recent ruling in *NantKwest*.

Under the Lanham Act, a trademark applicant may appeal the PTO's refusal to register to either the U.S. Court of Appeals for the Federal Circuit or to any district court. The Federal Circuit must defer to the PTO's factual findings. In contrast, district courts review the application de novo and may consider new evidence, but the applicant must pay “all the expenses of the proceeding” regardless of whether the applicant's appeal to the district court is successful.[5]

In December 2019, the Supreme Court unanimously ruled in *NantKwest* that the Patent Act's similar provision allowing the PTO to recover “all expenses” does not include attorneys' fees because the reference to “all expenses” is not explicit or clear enough to depart from the American Rule that each party pays its own attorneys' fees.[6] The Fourth Circuit now will have an opportunity to decide whether the Supreme Court's rationale from *NantKwest* applies to trademark actions as well as patent actions.

RAMIFICATIONS

By rejecting the PTO's proposed per se rule, the majority opinion opens the door to new trademark registrations for other terms styled “generic.com” or “generic.[any gTLD]” and may lead to many new and refiled trademark applications. However, applicants may still be required to submit evidence to show the PTO that consumers do not recognize the applied-for term as generic. In addition, to achieve registration on the principal register, applicants will need to show that the applied-for descriptive term has “acquired distinctiveness” or “secondary meaning” through use in the marketplace. Further, applicants must still show that they are using the applied-for mark as a trademark to identify the source of goods and services and not merely as a domain name. Finally, the Fourth Circuit ruling on remand regarding attorneys' fees may clarify if trademark applicants must pay the PTO's attorneys' fees when appealing PTO decisions to a federal district court.

FOOTNOTES

[1] 591 U.S. ___ (2020).

[2] Slip op. available here.

[3] 591 U.S. ___ (2020).

[4] 128 U.S. 598 (1888).

[5] *See* 15 U.S.C. § 107.

[6] *See* 35 U.S.C. § 145.

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