

Supreme Court: “Generic.com” Trademarks May Be Registered if Consumers Do Not Perceive Them as Generic

The decision expands the availability of trademark protection for domain names and limits the number of terms deemed unprotectable because they are generic.

Key Points:

- The addition of the .com top-level domain to an otherwise generic term can transform the term into a potentially registrable trademark.
- Consumer surveys will become even more essential in trademark litigation, as well as in the registration process.

According to the US Supreme Court’s June 30, 2020, decision, a brand name can serve as a trademark only if the mark is capable of identifying a particular source of the good or service in question. Consequently, a generic term (e.g., book, computer) cannot qualify as a trademark because it is associated in the consuming public’s mind with an entire class of products or services.¹ In *U.S. Patent and Trademark Office v. Booking.com*, the Supreme Court clarified the contours of this long-standing doctrine in trademark law by reaffirming the Lanham Act’s bedrock principle — whether a term is generic depends on its meaning *to consumers*.² In doing so, the Supreme Court rejected a nearly per se rule that would have rendered “generic.com” terms ineligible for trademark registration.³

Background

Booking.com is a digital travel company that provides hotel reservations and other services under the brand “Booking.com,” which is also the domain name of its website.⁴ Booking.com filed applications to register four marks in connection with travel-related services, each with different visual features but all containing the term “Booking.com.”⁵ Both an examining attorney from the Patent and Trademark Office (PTO) and the PTO’s Trademark Trial and Appeal Board concluded that the term “Booking.com” is generic for the services at issue and therefore cannot be registered as a trademark.⁶ In reaching this result, the Board noted that “booking” means making travel reservations, and “.com” signifies a commercial website.⁷ The Board then ruled that “customers would understand the term ‘Booking.com’ primarily to refer to an online reservation service for travel, tours, and lodgings.”⁸

Booking.com sought review in federal district court, and introduced evidence of consumer perception showing that “[t]he consuming public primarily understands that Booking.com does not refer to a genus, rather it is descriptive of services involving ‘booking’ available at that domain name.”⁹ Having determined

that “Booking.com” was descriptive, the district court additionally found that the term acquired secondary meaning as to hotel reservation services.¹⁰

The PTO appealed the district court’s determination that “Booking.com” is not generic to the Fourth Circuit. Finding no error in the lower court’s assessment of how consumers perceive the term “Booking.com,” the Court of Appeals affirmed.

The High Court’s Rationale

The Supreme Court granted certiorari to resolve a perceived conflict between the Lanham Act and centuries-old common law. On the one hand, the Lanham Act tells trademark examiners and the courts to determine whether a term is generic by examining the primary significance of that term to consumers.¹¹ On the other hand, *Goodyear’s India Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, a 19th-century Supreme Court decision, held that the combination of a generic term with a corporate designation like “Company” did not create a protectable trademark.¹² The Court reconciled any tension between these two legal doctrines by rejecting the PTO’s reading of *Goodyear* that would have rendered “Generic Company” terms ineligible “as a matter of law—regardless of how consumers would understand the term.”¹³ The Court held that “[i]nstead, *Goodyear* reflects a more modest principle harmonious with Congress’ subsequent enactment: A compound of generic elements is generic if the combination yields no additional meaning to consumers capable of distinguishing the goods or services.”¹⁴ In doing so, the Court managed to preserve the holding in *Goodyear* while staying true to the Lanham Act.

In adopting a standard that determines whether a term is generic solely with reference to consumer perception, the majority in *Booking.com* implicitly discarded the long-standing rule that generic terms cannot become protectable marks even if consumers recognize them as brand names. The majority also rebuffed the PTO’s arguments that the domain name context posed increased risk of anticompetitive harm. Although the PTO argued that trademark protection for “Booking.com” could exclude or inhibit competitors from using the term “booking” or adopting domain names like “ebooking.com” or “hotel-booking.com,” the Court’s majority determined that because a “generic.com” term might suggest to consumers that the term was associated with a particular website, it would be more likely to identify the source of a product rather than a class of goods or services.¹⁵ Any anticompetitive harms would be mitigated because trademark infringement requires the trademark owner to show a likelihood of confusion, and consumers would be less likely to be confused by similarities between the generic or highly descriptive components of a generic.com mark and other businesses’ uses of similar words or symbols.

Justice Sotomayor’s Concurrence

Justice Sonia Sotomayor joined the majority opinion but wrote separately to emphasize two points. First, Justice Sotomayor echoed the dissent’s concern that consumer surveys may be unreliable proof of whether a term is generic, and the Supreme Court was not necessarily endorsing such surveys as the most persuasive evidence.¹⁶ Second, although the PTO may have correctly determined that “Booking.com” was generic and the district court may have been wrong to overrule it, that question was not before the Court.¹⁷

Justice Breyer’s Dissent

Justice Stephen Breyer’s dissent argued that the majority disregarded important trademark principles and sound trademark policy: “Terms that merely convey the nature of the producer’s business should remain free for all to use.”¹⁸ Justice Breyer expressed concern that under the majority’s approach, many businesses could obtain a trademark by adding “.com” to the generic names of their products. Justice

Breyer claimed such a practice could have widespread anticompetitive effects.¹⁹ According to Justice Breyer, the majority's reliance on the need to prove confusion and the statutory descriptive use privilege to protect competitors underestimated the chilling effect of the threat of costly litigation.

What's Next?

The Supreme Court's holding will affect trademark law in two primary ways. First, it will resurrect the hopes of brand owners with brands that are arguably generic terms, if those brand owners had invested and developed consumer recognition (just like Booking.com did). While this outcome is potentially positive for those brand owners, as Justice Breyer warns, the holding may make it harder for others in the relevant industry to discuss their products or services. Second, more consumer perception surveys will likely be presented as evidence to overcome a genericness finding.

Historic Footnote

The oral argument for this case (on May 4, 2020) was the first ever Supreme Court argument that was (i) broadcast live and (ii) conducted by telephone, and also featured rare questions from Justice Clarence Thomas.

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Endnotes

¹ See, e.g., *In re K-T Zie Furniture Store, Inc.*, 16 F.3d 390 (Fed. Cir. 1994) (affirming the U.S. Patent and Trademark Office's refusal to register "the sofa & chair company" for a furniture store, holding that the term was generic).

² *U.S. Pat. and Trademark Off. v. Booking.com B. V.*, 19-46, 2020 WL 3518365 (U.S. June 30, 2020).

³ *Id.* at *5.

⁴ *Id.* at *3.

⁵ *Id.*

⁶ *Id.* at *4.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.* (quoting *Booking.com B.V. v. Matal*, 278 F.Supp.3d 891, 918 (2017)).

¹⁰ *Id.*; for a discussion on descriptive marks and secondary meaning, see *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844 (1982) ("to establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to the source of the product rather than the product itself."); see also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13, Comment e.

¹¹ 15 U.S.C. § 1051 *et seq.*

¹² 128 U.S. 598 (1888).

¹³ *Booking.com*, 2020 WL 3518365 at *6 (internal quotations omitted).

¹⁴ *Id.*

¹⁵ *Id.* at *8.

¹⁶ *Id.* at *9 (Sotomayor, J., concurring).

¹⁷ *Id.*

¹⁸ *Id.* at *12.

¹⁹ *Id.* at *14 ("Under the majority's reasoning, many businesses could obtain a trademark by adding ".com" to the generic name of their product (e.g., pizza.com, flowers.com, and so forth). As the internet grows larger, as more and more firms use it to sell their products, the risk of anticompetitive consequences grows. Those consequences can nudge the economy in an anticompetitive direction").