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U.S. Supreme Court Hears First Ever Teleconference Oral Arguments in USPTO v. Booking.com B.V. Trademark Case

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On Monday, for the first time in history, the U.S. Supreme Court heard oral arguments via teleconference and live-streamed the conference call to the public. And, if that was not exciting enough, to kick off a planned two-week session of tele-arguments, the Court chose a case whose subject is relatable to the general public – domain names. Although the live-streamed teleconference was broadcast practically glitch-free, the attorneys did not get off quite so easily, with each of the Justices taking turns in order of seniority to scrutinize the counselors. Here, we discuss some of the noteworthy arguments from Monday's hearing in *United States Patent and Trademark Office v. Booking.com B.V.*

The case presents the question of whether a domain name that is solely a generic term, which would not generally be protectable as a trademark, can be transformed into a protectable mark through the addition of a generic top-level domain (a gTLD) like .com or .org, in particular, "booking.com." The Trademark Office's current rule TMEP § 1209.03(m) explicitly instructs Trademark Office Examining Attorneys to reject such trademark applications. An Examining Attorney followed that rule in rejecting several trademark applications for the mark BOOKING.COM. This case questions whether the gTLD ".com" can in fact transform the generic term "booking" into a protectable trademark, and if so, under what conditions?

As procedural background, Booking.com operates a website at the domain name *booking.com* on which consumers can secure travel arrangements and accommodations. In 2011 and 2012, Booking.com filed four U.S. trademark applications for the mark BOOKING.COM for, *inter alia*, reservation services. The USPTO (first the Examining Attorney, then the Trademark Trial and Appeal Board) ultimately refused the applications on the basis that BOOKING.COM is a generic term ineligible for protection. On appeal to the United States District Court for the Eastern District of Virginia and then to the United States Court of Appeals for the Fourth Circuit, Booking.com secured reversals of the Trademark Office decision, in significant part by relying on a survey by an expert witness showing that consumers had come to recognize BOOKING.COM as a brand and not as a category of reservation services. The USPTO then petitioned the Supreme Court for review.

SUMMARY OF THE PARTIES' KEY ARGUMENTS.

The USPTO maintains that the term BOOKING.COM cannot be registered as a trademark because:

1. The term "booking" is generic and the Lanham Act which codifies U.S. trademark law prohibits the protection of generic terms.
2. The gTLD ".com" is tantamount to a generic company designation such as "company" or "Inc." and, per Supreme Court precedent, cannot render a generic term protectable.
3. Policy requires this result since generic term domain name holders already enjoy significant competitive advantages and granting trademark protection would curtail legitimate competition.

Booking.com's position is that its domain name is eligible for trademark protection and registration because:

1. The Lanham Act requires registration of any term that helps consumers distinguish between brands and abrogates prior judicial opinions that exclude any group of words as a matter of law.
2. The proper test for determining whether a term helps consumers distinguish between brands is the Primary Significance Test, which is a question of fact.
3. The harm contemplated by the USPTO of allowing such marks to be protected is not realistic because the protection afforded such marks would be so narrow that it would be impossible to prevent legitimate competitors with similar domain names from operating.

NOTEWORTHY DEBATES DURING THE HEARING.

1. Should the Court follow its own 130-year-old precedent in finding that adding a gTLD to a generic term cannot result in a protectable mark?

The USPTO's position is straightforward. The Lanham Act prohibits registration of generic terms, even with a showing of consumer awareness, and adding “.com” or another gTLD does not alter the equation. As support for this proposition, the USPTO relies heavily on 130-year-old Supreme Court precedent in *Goodyear's India Rubber Glove Manufacturing Co. v. Goodyear Rubber Co.*, 128 U.S. 598 (1888). In *Goodyear*, the Court found that the addition of an entity designation, such as “Company” or “Inc.,” to a generic term cannot create a protectable mark. As an example, if a company can't own trademark rights in the word “Wine” for a business that sells wine, it also can't own rights in “Wine Company” since this simply tells consumers about the *type* of offerings, and not the *brand* of the offerings.

In the hearing, the USPTO repeatedly urged the Court that, just as “Company” in the name “Booking Company” only tells consumers that it is a company providing booking services, the gTLD “.com” in “booking.com” similarly only informs consumers that there is a company *online* providing booking services. The argument hinges on the question—if you can't protect a name in the brick and mortar context, why should the internet be any different?

Booking.com, by comparison, took the hardline position that the Lanham Act abrogated *Goodyear* by repudiating any *per se* rule that a particular “island of words” is generic regardless of consumers' views. Instead, Booking.com referred the Court to at least three provisions in the Lanham Act that define generic names as ones that do not help consumers distinguish among brands and require that all other terms be registered. The company stressed that the inquiry is a factual one into consumers' views and perceptions and that a *per se* rule, as laid out in *Goodyear* and promoted by the USPTO, would run afoul of Congress' intent in enacting the Lanham Act.

The Court seemed somewhat hesitant to jump on the *Goodyear* train, noting multiple times that *Goodyear* was a case from a different era nearly a century before the advent of the internet. The USPTO stated that *Goodyear* nevertheless promotes the same policy that survives in the internet age—that generic terms simply are not protectable as trademarks and monopolization of such terms should be avoided.

At the same time, the Court appeared equally skeptical about abrogating *Goodyear*. Chief Justice Roberts opined that, because Congress only included an explicit test for determining whether a mark is generic in a single section of the Lanham Act (and one irrelevant to the present case), perhaps Congress appreciated the significance of *Goodyear*.

Notably, *Goodyear* was decided when parties could not register as trademarks either generic *or* descriptive terms and the Court had used the terms interchangeably—a point which Booking.com makes in response. Under the

Lanham Act, after all, descriptive terms can be registered as trademarks under certain circumstances. Booking.com further urged the Court to abrogate *Goodyear* on the basis that following the case in today's world, and essentially deeming certain terms incapable of identifying source notwithstanding consumer perception, would "kill" non-profits and other associations that use such company terms consistently in their names, such as Amputee Society and Christian Coalition.

2. Is the correct test for determining genericness the Primary Significance Test?

In contrast to the USPTO's advancement of a general rule (with very rare limited exceptions as discussed below) that gTLDs cannot render generic terms registrable, Booking.com urged the Court to adopt the "Primary Significance Test" for this inquiry. This test involves asking whether the primary significance to the relevant public of the term at-issue is that of a genus of offerings or of a brand.

As noted earlier, the Court was skeptical of the fact that the Primary Significance Test only appears in a single, irrelevant to the present facts section in the Lanham Act that deals with cancellation of already registered marks. Regardless, Booking.com argued it must be the test in all situations involving arguably generic terms because it is the only test that conforms with multiple other Lanham Act provisions that require registration of marks that help consumers to distinguish between sources. Thus, Booking.com advocated that the question of whether a mark is protectable should lie with the meaning of the mark to consumers, and not a categorical, bright line rule. A key sticking point for the Justices, however, was a concern that this test would lead to the registration of *all* generic terms followed by a gTLD and ultimately to harmful monopolization of generic terms. The USPTO even conjectured that adopting the Primary Significance Test would turn the Trademark Office into a type of domain name registry but with broader granting power. To assuage concerns, Booking.com recommended that the Court make clear in its opinion that the Trademark Office and courts can ignore survey evidence and rely instead on other extrinsic evidence in determining what the primary significance of a mark is in the minds of consumers. In other words, surveys should also not be dispositive.

3. Should there be a bright line, categorical rule for refusing registration of such terms?

Both parties appear to answer this question in the negative. Of course, Booking.com would urge a review of extrinsic evidence in each case, including survey evidence if available and reliable, to determine whether the primary significance of a mark in the minds of consumers is of a brand and not of a type of good or service or type of seller.

It seems, by comparison, the USPTO proposed an *almost* bright line rule with an understanding that in extremely rare cases the combination of a generic term with a gTLD might render the term protectable. The USPTO provided TENNIS.NET as an example. Although the term may be generic for tennis-related goods and services, because it is a play on words, it explained that such a term might serve a source-identifying function. The USPTO did not go so far as to open the door to extrinsic evidence regarding whether an applicant has expended significant resources promoting a mark such that consumers have come to recognize it as brand, but simply noted that there may be special circumstances where terms do deserve protection. Justice Kagan pushed the USPTO on this point, asking what it would suggest the Court propose short of a bright line rule. The USPTO answered that a trademark applicant should have the burden of showing that addition of a gTLD to a generic term creates a new meaning beyond simply identifying a certain website.

4. What is the harm of allowing such terms to be registered, or alternatively, by categorically refusing them?

The arguments exhibited significant tension over the underlying benefits and harms stemming from the use and registration as a trademark of a generic term followed by a gTLD.

From the USPTO's point of view, companies that register generic terms as a domain name (booking.com, weather.com, wine.com, etc.), already enjoy a significant competitive advantage. Consumers with no underlying knowledge of a particular business will understand that they can most likely access particular goods and services by navigating to the .com webpage for those particular items. Since each generic term-gTLD combination can only be owned and used by a single entity at any given time, a company that obtains a domain name consisting of a generic term automatically receives benefits simply by virtue of owning a domain name that no one else can obtain (and that no one else will refer to for that matter because it would lead consumers to a different source). But on top of that, it is the USPTO's position that, if such a company could also obtain trademark rights, it could monopolize the term entirely and enforce such rights against others whose domain names encapsulate the generic term. The key concern is that the result would be a significant curtailment of competition. It was clear from their questions that this was also a key issue for several of the Justices.

Booking.com urged the Court, however, that this is simply not the case due to the reality of the underlying strength, or weakness rather, of such marks. In fact, Booking.com acknowledged that such rights would be extremely narrow and even took the somewhat surprising position that it would not object to other legitimate businesses whose names included "booking.com" such as ebooking.com and hotelbooking.com, or the "million" similarly named other businesses already out there. Counsel for Booking.com noted, rather, that such lawsuits necessarily fail since the scope of protection afforded such marks is just too narrow because customers can distinguish between marks based on small differences, thereby mitigating any potential for consumer confusion and harm. Instead, Booking.com stated that it desires the same competitive rights afforded its competitors, including to pursue remedies available only to trademark holders to legally pursue bad faith and fraudulent actors.

5. Shouldn't businesses operating at a generic term domain name be sufficiently protected from fraudulent and bad faith infringers by unfair competition laws?

The law of unfair competition is primarily governed by state law and provides a remedy where an individual or business engages in deceptive or wrongful business practices. Such laws should protect companies using generic names as domain names that might otherwise be ineligible for trademark protection from third-party bad actors who might attempt to trade on such companies' goodwill. The USPTO's position is that because such businesses already enjoy a significant competitive advantage *and* have unfair competition laws to fall back on where fraudulent and deceptive trade practices are involved, they are sufficiently protected and the harm that would arise from granting trademark rights in a generic term used as a domain name to a single entity vastly outweighs the comparatively small benefit.

The Justices also requested clarification and elaboration on this point from Booking.com. The strongest justification provided was that trademark owners enjoy certain streamlined avenues for remedy that are not available under unfair competition generally. For example, when encountering a domain name cybersquatter operating overseas, owners of U.S. trademark registrations have the ability to swiftly deactivate or obtain the offending domain name. Thus, trademark owners do have more time and cost-effective options at their disposal than having to rely on unfair competition laws.

FINAL THOUGHTS.

The Supreme Court's questioning throughout the hearing focused heavily on what the appropriate balance of protection should be in the Internet age. The Court expressed much concern about monopolization of generic

terms in domain names and a thinning of alternatives for consumers, which might lead them to the bright line ban proposed by the USPTO. But the Court has appeared to dislike bright line tests in its recent rulings on intellectual property issues. It will thus be interesting to see if the Court establishes a blanket prohibition against the protectability of marks like BOOKING.COM, or if it simply decides to rule on the merits of the case at hand and give discretion to the Trademark Office and the courts to decide like issues on a case by case basis.