

INTELLECTUAL PROPERTY LITIGATION

Expert Analysis

## Can Use of a Generic Term in a Web Address Yield a Protectable Mark?

Many online businesses are known and referred to by a web address comprising a top-level domain (TLD) like “.com” and a second-level domain (SLD), which is the portion of the address immediately preceding the TLD. This term, the Supreme Court is set to decide in *Booking.com*, whether a generic TLD combined with an otherwise-generic SLD can create a non-generic, protectable trademark for an online business. *United States Patent and Trademark Office v. Booking.com B.V.*, No. 19-46. We report here on that pending appeal.

### The Lanham Act

The Lanham Act defines a “trademark” as “any word, name, symbol, or device, or any combination thereof” used “to identify and distinguish ... goods [or services], including a unique product [or ser-



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vice], from those manufactured or sold by others and to indicate the source of the goods [or services], even if that source is unknown.” 15 U.S.C. §1127.

To be protectable, a mark must be “distinctive.” *Booking.com B.V. v. United States Patent and Trademark Office*, 915 F.3d 171, 176 (4th Cir. 2019). Courts “ascertain the strength of the mark by placing it into one of four categories of distinctiveness, in ascending order: (1) generic, (2) descriptive, (3) suggestive, or (4) arbitrary or fanciful.” *Id.* at 176-77.

“A term is generic if it is the ‘common name of a product’ or ‘the genus of which the particular product is a species,’ such as LITE BEER for light beer.” *Id.* at 177. Generic terms “are never distinctive” and are thus not protectable. *Id.* The

U.S. Court of Appeals for the Fourth Circuit applies a three-step test to evaluate genericness: “(1) identify the class of product or service to which use of the mark is relevant; (2) identify the relevant consuming public; and (3) determine whether the primary significance of the mark to the relevant public is as an indication of the nature of the class of the product or services to which the mark relates, which suggests that it is generic, or an indication of the source or brand, which suggests that it is not generic.” *Id.* at 180.

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Descriptive terms, on the other hand, describe a “function, use, characteristic, size, or intended purpose of the product,” and may be protectable if the term has acquired secondary meaning. *Id.* at

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177. “Secondary meaning indicates that a term has become sufficiently distinctive to establish a mental association in the relevant public’s minds between the proposed mark and the source of the product or service.”

### Trademark Trial and Appeal Board Decision

Booking.com operates a website on which users can book hotel, flight, and other travel reservations. It filed a trademark application for the term “BOOKING.COM” related to two classes of services: “travel and tour ticket reservation services” (Class 39) and “[m]aking hotel reservations for others” (Class 43). *In re Booking.com B.V.*, 2016 WL 1045671, at \*1 (T.T.A.B. Feb. 18, 2016).

The Trademark Trial and Appeal Board refused to register the mark for either class, finding that “‘booking’ refers to ‘a reservation or arrangement to buy a travel ticket or stay in a hotel room’ or ‘the act of reserving such travel or accommodation;’ that ‘.com’ indicates a commercial website, which does not negate the generic character of the term ‘booking;’ and that the combined term BOOKING.COM would be understood by consumers ‘primarily to refer to an online reservation service for travel, tours, and lodging,’ ...making the mark generic for the services offered.” *Booking.com B.V. v. Matal*, 278 F. Supp. 3d 891, 898 (E.D. Va. 2017).

In so finding, the board relied on dictionary definitions of “booking”

and on “Applicant’s own materials” that “make liberal use of the term ‘booking’ ... both as a noun meaning a hotel reservation and as a verb meaning to make such a reservation.” 2016 WL 1045671, at \*5. The board also relied on the fact that “third-party websites also use the term ‘booking’ in various formulations as the name of travel reservation services.” Id. at \*3-5.

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Opposing certiorari, Booking.com argued that “the PTO seeks a per se rule that some class of marks are generic as a matter of law, even where it is unable to sustain its burden of proving that the primary significance to consumers is other than as a trademark.”

The board also concluded that if the term were found to be descriptive, rather than generic, it is “merely descriptive of Booking.com’s services and that Booking.com had failed to demonstrate that the mark had acquired secondary meaning, as required for trademark protection.” 915 F.3d at 178.

### District Court Decision

Booking.com challenged the board’s decision in federal district court. Applying the three-step test on the parties’ cross-motions for summary judgment, the district court held that BOOKING.COM was protectable as to “hotel reservation services” (Class 43) but not “travel agency services” (Class 39). 278 F. Supp. 3d at 923.

Under step one, the court determined that the broadest services described in each class of Booking.com’s trademark applications were “travel and tour ticket reservation services” (Class 39) and “[m]aking hotel reservations for others” (Class 43). Id. at 903. Under step two, the court concluded that “the relevant purchasing public” is “consumers who use travel, tour, and hotel reservation services offered via the internet or in person.” Id.

As to step three, the district court held that “by itself, the word ‘booking’ is generic for the classes of hotel and travel reservation services recited in plaintiff’s applications,” id. at 905, but “when combined with an SLD, a TLD generally has source identifying significance and the combination of a generic SLD and a TLD is generally a descriptive mark that is protectable upon a showing of acquired distinctiveness.” Id. at 909.

Applying this understanding, the court found that BOOKING.COM is descriptive, rather than generic. According to the court, “[t]he most striking feature of the evidence in this record is the absence of evidence that consumers or producers use the term ‘booking.com’ to describe the genera of services at issue, that is, hotel and travel reservation services.” Id. at 914. The court also relied on evidence not before the board, including a so-called “Teflon survey” in which survey respondents were “asked to identify” a “series of names” as “common or brand names.” Id. at

915. As the court explained, Booking.com's survey "revealed that 74.8 percent of respondents identified BOOKING.COM as a brand name." Id.

The court then considered six factors to determine whether BOOKING.COM had acquired secondary meaning, including "advertising expenditures" and "consumer studies linking the mark to a source." Id. at 919. The court concluded that "the record demonstrates strong evidence of secondary meaning for Class 43 [hotel reservation services] on five of the six secondary meaning factors." Id. at 923. As to Class 39 (travel agency services), however, the court concluded that there was a "total absence of evidence that either the consuming public, or even Booking.com's officers, associate BOOKING.COM with travel agency services." Id.

#### Fourth Circuit Decision

On appeal, the parties did not dispute the district court's step-one and step-two findings. Thus, the Fourth Circuit examined only the third step, "the public's understanding of what the term BOOKING.COM primarily refers to." 915 F.3d at 181.

The Fourth Circuit affirmed, explaining that the district court properly relied on "the USPTO's lack of evidence demonstrating that the public uses 'booking.com' generically." Id. at 181. The Fourth Circuit also held that Booking.com's Teflon survey is "strong evidence that the public does not

understand BOOKING.COM to refer to the proposed mark's generic meaning." Id. at 183. Thus, the district court "did not err in finding that the USPTO failed to satisfy its burden of proving that the relevant public understood BOOKING.COM, taken as a whole, to refer to general online hotel reservations services rather than Booking.com the company." Id. at 181.

Notably, the Fourth Circuit rejected the USPTO's "proposed rule" that "adding the top-level domain '.com' to a generic second-level domain like 'booking' is necessarily generic." Id. at 181, 184. The Fourth Circuit explained that "[n]o circuit has adopted the bright line rule for which the USPTO advocates—indeed, sister circuits have found that when '.com' is added to a generic TLD, the mark may be protectable upon a sufficient showing of the public's understanding through consumer surveys or other evidence." Id. at 184.

#### Supreme Court Appeal

The Supreme Court granted the USPTO's petition for certiorari. In its opening merits brief, the USPTO argues that "this Court decided the nineteenth century version of the question presented here" when it held that "the addition of an entity designation like 'Company' or 'Inc.' to a generic term like 'wine,' 'cotton,' or 'grain'" "only indicate[d] that parties ha[d] formed an association or partnership to deal [in the relevant class of goods]." USPTO Br. at 14, 18, 19. According to the USPTO, the "same principle

applies" to marks "that are formed by adding the top-level domain '.com' to a generic term," such that the "addition of the top-level domain '.com' 'communicates no more than the common meaning[.] ... that the applicant operates a commercial website via the internet.'" Id. at 15, 20.

Opposing certiorari, Booking.com argued that "the PTO seeks a *per se* rule that some class of marks are generic as a matter of law, even where it is unable to sustain its burden of proving that the primary significance to consumers is other than as a trademark." 2019 WL3854679, at \*9. According to Booking.com, the "Lanham Act permits no such sub-class of marks and no case has ever held that genericness can be decided as a matter of law." Id. at \*11.

Booking.com's merits brief is due on Feb. 12. Oral argument has not yet been scheduled.