

## United States Patent and Trademark Office v. Booking.com: A Supreme Court Win for Established Companies May Stifle Competition

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### I. OVERVIEW

Booking.com, a digital travel company that offers hotel reservation services on its eponymous website, attempted to register the mark “Booking.com” with the United States Patent and Trademark Office (USPTO).<sup>1</sup> The USPTO denied its registration on the grounds that “Booking.com” is a generic name for Internet-based reservation services.<sup>2</sup> A generic name is a non-distinctive name that refers to a general class of goods in a way that makes one unable to “distinguish one producer’s goods from the goods of others,” thus, generic names are ineligible for federal trademark registration.<sup>3</sup> In the noted case, the USPTO asked the United States Supreme Court to adopt its *per se* rule that the “combination of a generic word and ‘.com’ is generic.”<sup>4</sup> The USPTO viewed the top-level domain “.com” as merely signifying a commercial website and thus not describing “booking” in a meaningfully distinct way.<sup>5</sup> Booking.com maintains that the word “booking” itself may be generic due to consumer perception, the combination “Booking.com” refers primarily to Booking.com’s specific services not generic services involving “booking.”<sup>6</sup>

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1. U.S. Pat. & Trademark Off. v. Booking.com B.V., 140 S.Ct. 2298, 2301 (2020).  
2. *Id.*  
3. *Id.* at 2301, 2303.  
4. *Id.* at 2301.  
5. *Id.* at 2303.  
6. *Id.*

After the USPTO's Trial and Appeal Board determined "Booking.com" to be generic, the United States District Court for the Eastern District of Virginia reviewed this matter at Booking.com's request.<sup>7</sup> The court found that Booking.com's marks satisfy the distinctiveness requirement for trademark registration.<sup>8</sup> Subsequently, the United States Court of Appeals for the Fourth Circuit affirmed the district court's ruling on appeal.<sup>9</sup> The United States Supreme Court *held* that a "nearly *per se* rule" banning the registration of "generic.com" trademarks could not be enforced by the USPTO because whether a term is generic should be determined through a consumer protection standard. *United States Patent and Trademark Office v. Booking.com B.V.*, 140 S.Ct. 2298, 2305 (2020).

## II. BACKGROUND

Congress enacted the Lanham Act in part "to protect persons engaged in . . . commerce against unfair competition."<sup>10</sup> The Lanham Act prevents the registration of trademarks that: (1) are merely descriptive, (2) are primarily used to show connection to a geographic region, (3) are primarily misdescriptive of the good's geographic origin, (4) are primarily just a surname, or (5) consist of mostly functional elements.<sup>11</sup> However, courts have long protected trademark holders from infringement and unfair use of generic terms, as well as protected consumers from deceptively marketed products or services.<sup>12</sup> Though the Lanham Act made significant changes to the common law that previously governed trademarks, the common law as it relates to genericness, specifically the ineligibility of generic terms from being trademarked, has remained largely the same.<sup>13</sup> A generic designation is one "that is understood by prospective purchasers to denominate the general category, type, or class

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7. *Id.*

8. *Id.* at 2303-04.

9. *Id.* at 2304.

10. 15 U.S.C. § 1127.

11. *See id.* § 1052(e).

12. *See, e.g.,* Canal Co. v. Clark, 80 U.S. 311 (1871); Goodyear's Rubber Glove Mfg. Co. v. Goodyear Rubber Co., 128 U.S. 598 (1888).

13. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-11 (2d Cir. 1976).

of the goods, services, or business with which it is used.”<sup>14</sup> This principle is demonstrated in *Canal Co. v. Clark*, which involved a dispute between two companies over the exclusive right to use the words “Lackawanna coal” (coal mined from Lackawanna Valley) as a distinctive name for coal.<sup>15</sup> The Supreme Court stated that trademarks that would enable one person or entity to monopolize a particular market could not claim that trademark.<sup>16</sup> Ultimately, the Court held the geographical name of “Lackawanna coal” to the same standard as a generic name and would not allow a single individual to trademark it.<sup>17</sup> In the Court’s view, to allow an individual the exclusive rights of the name “would result in mischievous monopolies.”<sup>18</sup>

The Supreme Court revisited this issue sixteen years later in *Goodyear’s Rubber Glove Manufacturing Co. v. Goodyear Rubber Co.*, however, this time the Court dealt with whether articles of commerce could be adopted as trademarks.<sup>19</sup> In this case, the plaintiff, Goodyear’s India Rubber Glove Manufacturing Company, attempted to enforce a trademark of the word “Company” in conjunction with the word “Goodyear.”<sup>20</sup> “Goodyear” was a term for a method of manufacturing rubber goods patented by and named after Charles Goodyear, however, the term was licensed to both parties.<sup>21</sup> The plaintiff argued that although it could not claim “Goodyear” as its exclusive trademark, it could (and did) trademark the word “Company” in relation to “Goodyear” to distinguish it from any competitors.<sup>22</sup> The Court rejected this argument, reasoning that merely adding the word “Company” to a term for a class of goods that others are free to produce and sell, restricts the rights of others to engage in the same commerce.<sup>23</sup>

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14. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 15 (AM. L. INST. 1995).

15. *Canal Co.*, 80 U.S. at 320-21.

16. *Id.* at 323.

17. *Id.* at 324.

18. *Id.*

19. *Goodyear’s Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598, 603 (1888).

20. *Id.* at 601.

21. *Id.* at 600-01.

22. *Id.* at 601.

23. *Id.* at 602-03.

The Supreme Court addressed this issue again in *Estate of P.D. Beckwith, Inc., v. Commissioner of Patents*.<sup>24</sup> In that case, the plaintiff, a corporation engaged in manufacturing heating systems, was denied registration for a trademark of a fanciful or arbitrary design that contained the generic words “Moisture Air Heating System.”<sup>25</sup> The Commissioner of Patents found the words to be “merely descriptive of a claimed property or quality of the [plaintiff’s] heating system.”<sup>26</sup> The Commissioner of Patents contended that each part of the trademark should be evaluated separately, and only the nongeneric parts may be registered.<sup>27</sup> However, the Court disagreed because the mark that sought to be registered did not contain *only* words that all agreed were generic.<sup>28</sup> Rather, the disputed mark was a composite of both fair use words *and* arbitrary or fanciful designs.<sup>29</sup> Thus, the Court viewed the whole mark as distinctive because the words remained fair use, while the exclusive mark held by the plaintiff would be only for the words used with the more distinctive design.<sup>30</sup> The holdings from *Beckwith* and *Goodyear* question whether articles of commerce like the word “Company” can, or rather, cannot be used to make a distinctive composite because the word only indicates that a group of people are engaged in a commercial enterprise and does not add any distinctions to a mark.<sup>31</sup>

The issue of distinctiveness arose again before the Supreme Court in *Two Pesos, Inc. v. Taco Cabana, Inc.*<sup>32</sup> In *Two Pesos, Inc.*, the Court considered whether the trade dress, specifically the décor of a Mexican restaurant, was entitled to protection under the Lanham Act “based on a finding of inherent distinctiveness without proof that the trade dress has secondary meaning.”<sup>33</sup> To analyze the distinctiveness of the trade dress, the Court followed the classification of such marks in increasing order of

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24. *Est. of P.D. Beckwith, Inc., v. Comm’r of Pats.*, 252 U.S. 538, 544-45 (1920).

25. *Id.* at 541.

26. *Id.* at 544.

27. *Id.* at 540.

28. *Id.* at 545.

29. *Id.*

30. *Id.*

31. *See Goodyear’s Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598, 603 (1888); *Est. of P.D. Beckwith, Inc.*, 252 U.S. at 544-45.

32. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 766 (1992).

33. *Id.* at 764-65.

distinctiveness: “(1) generic, (2) descriptive, (3) suggestive, (4) arbitrary, or (5) fanciful.”<sup>34</sup> Additionally, the Court stated that an identifying mark can be “inherently distinctive” or can acquire distinctiveness through gaining a secondary meaning.<sup>35</sup> The Court held that the petitioner’s trade dress was inherently distinctive.<sup>36</sup> This obviated the need to inquire whether that trade dress acquired a secondary meaning.<sup>37</sup>

The purpose of the distinctiveness requirement is to provide consumers the benefits of competition.<sup>38</sup> In *Walmart Stores v. Samara Bros.*, the Supreme Court had to determine whether a showing of secondary meaning was required to register trade dress.<sup>39</sup> The Court warned of trademark holders deterring new entrants not only through successful suits, but also through the threat of suits if holders were allowed to bring suits “based upon alleged inherent distinctiveness” without showing a secondary meaning exists.<sup>40</sup> The Court held that to meet the distinctiveness requirement needed in an action for infringement of unregistered trade dress, a secondary meaning of the product’s otherwise plain identifiers must exist.<sup>41</sup>

### III. COURT’S DECISION

In the noted case, the Court rejected the USPTO’s *per se* rule that disallowed the registration of “generic.com” terms.<sup>42</sup> The Supreme Court held that a consumer perception standard should be applied to determine whether a “generic.com” term has gained a level of distinctiveness sufficient to allow registration with the USPTO.<sup>43</sup> The Court reasoned that a “generic.com” term did not necessarily convey that a generic good or

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34. *Id.* at 768 (citing *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1975)).

35. *Id.* at 769.

36. *Id.* at 776.

37. *Id.*

38. *Walmart Stores v. Samara Bros.*, 529 U.S. 205, 213 (2000).

39. *Id.* at 214.

40. *Id.* at 213-14.

41. *Id.* at 216.

42. *U.S. Pat. & Trademark Off. v. Booking.com B.V.*, 140 S.Ct. 2298, 2307 (2020).

43. *Id.*

service is sold on the Internet.<sup>44</sup> Rather, the term may be a “source-identifying characteristic,” one that denotes association with a specific website.<sup>45</sup> Because of the functional feature of the domain-name system, any “.com” term “refers to *some* specific entity.”<sup>46</sup>

The Court then clarified its holding from *Goodyear* because of the USPTO’s mistaken reliance on its holding.<sup>47</sup> The holding stated in *Goodyear* that “Generic Company” Terms are not eligible for trademark protection *as a matter of law* appears to conflict with the Lanham Act, which states that whether a term is generic depends on the consumer’s perception of the term.<sup>48</sup> However, the Court found *Goodyear* to be compatible with the Act: “A compound of generic elements is generic if the combination yields no additional meaning *to consumers*.”<sup>49</sup> These “generic.com” terms are not automatically classified as nongeneric by the holding in *Goodyear*.<sup>50</sup> Rather, the Court held whether any given “generic.com” term is generic will depend on whether the consumer’s perception of the term refers to the name of an entire class or a term that distinguishes among members of a particular class.<sup>51</sup>

The USPTO expressed its concern on the anticompetitive ramifications of granting trademark protection to “generic.com” terms.<sup>52</sup> The USPTO argued that if “Booking.com” were granted trademark protection, competitors would be prevented from using the term “booking” or using similar domain names such as “ebooking.com” or “hotel-booking.com.”<sup>53</sup> However, the Court disagreed with this argument as that concern is true for any descriptive mark.<sup>54</sup> The Court noted that a competitor’s use does not infringe upon a registered mark unless it is likely

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44. *Id.* at 2306.

45. *Id.*

46. *Id.* (citing Brief for Petitioner at 40, U.S. Pat. & Trademark Off. v. Booking.com B.V., 140 S.Ct. 2298 (2020)).

47. *Id.*

48. *Id.*

49. *Id.*

50. *Id.* at 2307.

51. *Id.*

52. *Id.*

53. *Id.*

54. *Id.*

to cause consumer confusion.<sup>55</sup> Moreover, Booking.com's competitors would be protected from liability under the classic fair use doctrine, which protects those who use a descriptive term "fairly and in good faith . . . merely to describe [their] own goods."<sup>56</sup> The Court reasoned that these doctrines would be sufficient to protect fair market competition.<sup>57</sup>

The USPTO also doubted that owners of "generic.com" domain names would need trademark protection because the owner has a domain name that no other website can use.<sup>58</sup> However, the Court noted that competitive advantages do not preclude a mark from registration.<sup>59</sup> In fact, the Court saw Booking.com's exclusive control over the "booking.com" domain name as additional evidence to support the claim that it should be allowed to trademark the term.<sup>60</sup>

In the dissenting opinion, Justice Breyer stated that he considered "generic.com" terms to be generic, and thus granting protection to the term would be inconsistent with the principles of trademark law.<sup>61</sup> Justice Breyer insisted when two generic terms exist, the Court should inquire whether the combined term conveys a new, distinctive meaning that the individual parts lack.<sup>62</sup> For example, the Court in *Goodyear* held that joining the word "Company" with a generic name was not entitled to protection because the word simply conveyed "that parties have formed an association or partnership to deal in such goods."<sup>63</sup> Similar to how "Company," "Corp.," and "Inc." simply signify the existence of a corporate body, the word ".com" only indicates that the word preceding it is a website.<sup>64</sup> When a website uses an inherently distinctive second-level domain such as "Post-it," the top-level domain, ".com," is understood to

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55. *Id.*

56. *Id.* at 2307-08.

57. *Id.* at 2308.

58. *Id.*

59. *Id.*

60. *Id.*

61. *Id.* at 2309 (Breyer, J., dissenting).

62. *Id.* at 2310.

63. *Id.* at 2310-11 (quoting *Goodyear's Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598, 602-603 (1888)).

64. *Id.* at 2311-12.

be associated with that inherently distinctive term and not a wholly new term.<sup>65</sup>

Additionally, Justice Breyer disagreed with the majority's belief that consumers are likely to infer that a "generic.com" term refers to a particular entity because only one entity can own the rights to a particular domain name at a time.<sup>66</sup> This is because corporate naming systems operate in a similar manner.<sup>67</sup> Whenever the word "Company" or a similar term is affixed to a generic word, it "implies the existence of a specific legal entity incorporated under the laws of some State," however, the majority would still view this combination of words as generic.<sup>68</sup>

Justice Breyer asserted that granting protection to "generic.com" terms such as "booking.com" would be unsound policy as it would grant the holder of the mark a monopoly on the good or service and prevent a competitor from accurately describing its products.<sup>69</sup> Since Booking.com already has exclusive control over "Booking.com," its mark would afford it no real competitive advantage as it is impossible to create a counterfeit "Booking.com."<sup>70</sup> Justice Breyer suggested that the true reason Booking.com sought to register its mark, was to threaten legal action against competitors that employ a similar, but still generic term in their top-level domain such as "eBooking.com" or "Booker.com."<sup>71</sup> As a result, the threat of costly litigation would chill new firms from entering the market, thus running counter to the highly competitive marketplace our laws strive to build.<sup>72</sup>

#### IV. ANALYSIS

In the noted case, the Supreme Court applied a consumer perception standard to determine whether "generic.com" trademarks could be registered.<sup>73</sup> However, this application may result in an increase of unfair

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65. *Id.* at 2312.

66. *Id.*

67. *Id.*

68. *Id.* at 2312-13.

69. *Id.* at 2310.

70. *Id.* at 2314-15.

71. *Id.* at 2315.

72. *Id.*

73. *Id.* at 2307 (majority opinion).



competition, rather than promote fair competition intended by the Lanham Act.<sup>74</sup> The Court in *Canal Co.* stated that the exclusive appropriation of a generic name would result in a “mischievous monopoly” that would destroy competition and injure the public.<sup>75</sup> Conversely, the same Court stated in *Goodyear* that the purpose of the trademark is to indicate the product or service’s origin, thus allowing the owner to exclusively benefit from whatever goodwill the owner has established with the public.<sup>76</sup> Trademark law does not, however, allow one to appropriate a name that is merely descriptive of an article of trade.<sup>77</sup> This principle still rings true today as the Lanham Act does not allow one to trademark a term that merely describes the goods it refers to.<sup>78</sup>

Justice Breyer’s correctly states in his dissent that the combined term, “Booking.com” is a commercial website that sells hotel reservation services and is not distinctive in any recognizable way.<sup>79</sup> He reasoned that the word “booking” describes hotel reservation services and the word “.com” describes a commercial website.<sup>80</sup> Unlike the term in *Estate of P.D. Beckwith, Inc.* that was fanciful with some generic parts, the term in the noted case was not a fanciful design, and consisted only of generic parts.<sup>81</sup>

Furthermore, the nature of the domain name system makes it impossible to determine whether consumers truly recognize a domain name as distinctive.<sup>82</sup> Consumers may rightly perceive any word in combination with “.com” as distinct because only one entity can own the domain name at a time.<sup>83</sup> This is similar to the Court’s decision in *Goodyear*, as there the word “Company” referred to a specific

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74. See 15 U.S.C. § 1127.

75. *Canal Co. v. Clark*, 80 U.S. 311, 324 (1871).

76. *Goodyear’s Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598, 603 (1888).

77. *Id.* at 603-04.

78. 15 U.S.C. § 1052(e).

79. *U.S. Pat. & Trademark Off. v. Booking.com B.V.*, 140 S.Ct. 2298, 2312 (2020) (Breyer, J., dissenting).

80. *Id.*

81. *Est. of P.D. Beckwith, Inc. v. Comm’r of Pats.*, 252 U.S. 538, 545 (1920).

82. *Booking.com B.V.*, 140 S. Ct. at 2312-13 (Breyer, J., dissenting).

83. *Id.*

organization.<sup>84</sup> In the noted case, the USPTO applied the rule from *Goodyear*, despite the Lanham Act's consumer perception principle because the functionality of domain names makes it difficult to augur what consumers think.<sup>85</sup> To determine how consumers perceive the distinctiveness of domain names would be an exercise in futility as they are all unique.

The Supreme Court did not create a rule that automatically classified "generic.com" terms as nongeneric.<sup>86</sup> But as Justice Breyer points out, very little "stands in the way of automatic trademark eligibility for every 'generic.com' domain."<sup>87</sup> Since there is no good way to distinguish between "generic.com" terms that have acquired a secondary meaning and terms that consumers recognize as unique solely because of their knowledge of domain names, this counsels against adopting the rule established in the noted case.<sup>88</sup>

The Lanham Act and preceding case law make clear that the law should encourage fair competition.<sup>89</sup> This means that the law must protect businesses "against any fraudulent appropriation or imitation of [its ideas] by others."<sup>90</sup> However, in the noted case, *Booking.com* is not in danger of having its ideas misappropriated by competitors. Allowing *Booking.com* to register the term "*Booking.com*" will not protect its name from misappropriation, but it will allow the company to use its newfound legal protections as a cudgel against market newcomers who wish to accurately describe the services they intend to sell.<sup>91</sup> Ownership of a domain name designates exclusivity, thus there can only ever be one "*Booking.com*."<sup>92</sup> Because the actual domain name is impossible to misappropriate, the only benefit of registering it as a trademark would be to extend the exclusivity rights beyond the original domain name to other domain names that also

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84. See *Goodyear's Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598, 602-03 (1888).

85. *Booking.com B.V.*, 140 S. Ct. at 2306.

86. *Id.* at 2307.

87. *Id.* at 2313 (Breyer, J., dissenting).

88. *Id.*

89. 15 U.S.C. § 1127; see generally *Goodyear's Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598 (1888).

90. *Canal Co. v. Clark*, 80 U.S. at 322.

91. *Booking.com B.V.*, 140 S.Ct. at 2315 (Breyer, J., dissenting).

92. *Id.* at 2314-15.

make use of the core generic term: “booking.”<sup>93</sup> Such a scenario would stifle fair competition, not foster it.

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93. *Id.* at 2315.

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