

Accommodating Protection

US Patent and Trademark Office v. Booking.com BV

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Debevoise & Plimpton's David H. Bernstein and Jared I. Kagan represented Booking.com BV in the landmark Supreme Court case *US Patent and Trademark Office v. Booking.com BV*. In the below article published by Intellectual Property Magazine on August 19, 2020, they examine how the *Booking.com* decision struck a fair balance between trademark law and anti-competitive concerns

On 30 June, the Supreme Court of the US held in a landmark decision that Booking.com BV can register as a trademark its eponymous domain name BOOKING.COM. *US Patent and Trademark Office (USPTO) v Booking.com BV* 140 S Ct 2298 (2020).¹ The court's 8-1 opinion, authored by Justice Ruth Bader Ginsburg, has been hailed by trademark owners as a welcome acknowledgment of the central role of consumer perception in determining whether a term is generic or a potential trademark. But some have criticised the registration of so-called generic.com trademarks as likely to cause an increase in bullying tactics, over-enforcement, and chilling effects, all of which will harm rather than promote fair competition.

Justice Stephen Breyer's dissenting opinion picked up on these concerns. He adopted in large part the arguments raised in *amicus* briefs filed by a group of trademark scholars (represented by Professor Rebecca Tushnet of Harvard Law School) and the Electronic Frontier Foundation (the EFF). The trademark scholars—who took no position on whether BOOKING.COM is generic as a matter of fact—wrote to encourage the court to be cautious in resolving the case. Their brief² warned of risks to competition that could result from abusive enforcement of registered marks that are largely or entirely comprised of generic elements. The EFF brief³—filed in support of the USPTO's position that generic.com domain names are per se generic—similarly argued that permitting registration of generic.com trademarks would allow “website owners to exploit trademark law to obtain competitive advantages the law is not meant to provide”

¹ https://www.supremecourt.gov/opinions/19pdf/19-46_8n59.pdf

² https://www.supremecourt.gov/DocketPDF/19/19-46/128421/20200113161320159_19-46%20Amic%20Curiae%20Brief.pdf

³ https://www.supremecourt.gov/DocketPDF/19/19-46/128359/20200113140244969_19-46%20tsac%20Electronic%20Frontier%20Foundation.pdf

by enabling one market participant to exclude its competitors from using a common name for their goods and services.

As the majority opinion noted, however, these concerns are overblown in light of the balance that trademark law already strikes between trademark protection and the public's interest in fair competition. Moreover, the court held, there is nothing particularly unique about generic.com marks, as compared to other compound marks containing descriptive or generic elements, that justifies "deny[ing] Booking.com the same benefits Congress accorded other marks qualifying as nongeneric."

LANHAM ACT PROVIDES PROTECTIONS AGAINST ANTI-COMPETITIVE CONDUCT

In accepting the arguments of those amici who raised the spectre of anticompetitive concerns, Justice Breyer noted that generic.com terms already enjoy competitive advantages unique to their status as domain names. First, domain names enjoy automatic exclusivity insofar as only one person or company can own a domain name. For example, while multiple brick and mortar businesses can call themselves Wine Company, there can only be one wine.com given the nature of the domain name system. Secondly, generic domain names are easier for consumers to find—a consumer looking to purchase wine may simply type wine.com into his or her browser expecting to find a website selling wine. Granting trademark protection to generic.com domain names, according to Justice Breyer, "confers additional competitive benefits on their owners by allowing them to exclude others from using similar domain names."

Although domain owners certainly enjoy some unique benefits, the majority properly held that "[t]hose competitive advantages—do not inevitably disqualify a mark from federal registration." As the majority explained, Justice Breyer's concern would apply to "any descriptive mark". Moreover, the likelihood of confusion analysis and the statutory fair use defence "hems in the scope of such marks short of denying trademark protection altogether".

A few examples underscore why Justice Breyer's concern is not well founded, and why the fair use doctrine and the likelihood of confusion standard are effective bulwarks against anticompetitive concerns. In the vein of the Wine Company (to which Justice Breyer's dissent referred), the owner of the registration for THE CALIFORNIA WINE CLUB for wine clubs would certainly not be able to prevent another wine club (such as the Beverly Hills Wine Club)⁴ from describing itself as the California wine club. That is

⁴ <https://beverlyhillswineclub.com>

because the fair use doctrine permits use of those words in good faith to describe the services (it is a wine club) and geographic origin (it is based in California).⁵

Similarly, under the crowded field doctrine, consumers are less likely to be confused by marks that incorporate common terms because, as the majority decision explained, “[w]hen a mark incorporates generic or highly descriptive components, consumers are less likely to think that other uses of the common element emanate from the mark’s owner.” Not surprisingly, THE CALIFORNIA WINE CLUB coexists in a crowded field with federal trademark registrations for numerous similar marks, such as CALIFORNIA TREASURES WINE CLUB, WINE CLUB HUB, SECCO WINE CLUB, AMERICAN CELLARS WINE CLUB, GOLD MEDAL WINE CLUB, and WINE OF THE MONTH CLUB, all of which also are based in California.

Although the protections of the fair use defense, the crowded field doctrine, and the likelihood of confusion standard will not eliminate the risk of trademark bullying by owners of generic.com registrations that hardly justifies the USPTO’s and EFF’s extreme proposal that all generic.com marks be automatically denied any trademark protection. That is especially true given that the risk is not unique to registration of generic.com trademarks; owners of any highly descriptive mark may try to use their trademarks in inappropriate ways.

There are, however, other protections in place to deter such misconduct. First, with the rise of social media, there are new disincentives on being a trademark bully. For example, Backcountry.com, a company that sells outdoor gear often used on backcountry trips under its registered trademarks BACKCOUNTRY and BACKCOUNTRY.COM > OUTLET, aggressively filed trademark infringement lawsuits and opposition proceedings against companies like Backcountry Denim, Backcountry Babes, Backcountry eBikes and Marquette Backcountry Ski challenging their use of the word “backcountry”. After Backcountry.com was flamed on social media, it dropped at least one of its lawsuits, announced that it was “reexamin[ing] [its] broader approach to trademarks,” apologised to the public, and admitted “it made a mistake”.

Secondly, additional deterrence is provided by the evolving standard for awarding attorneys’ fees in trademark cases that courts deem “exceptional” since the Supreme Court’s 2014 decision in *Octane Fitness, LLC v Icon Health & Fitness, Inc*, 134 S Ct 1749 (2104). *Octane Fitness* held that an “exceptional case” for which attorneys’ fees may be awarded under the Patent Act “is simply one that stands out from others with respect to the party’s litigating position (considering both governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” The Lanham Act includes the same “exceptional case” standard for awarding attorneys’ fees, and most of the

⁵ See 15 USC § 1115(b)(4).

circuits also have adopted *Octane Fitness* as the governing standard for trademark cases. This relaxed standard for awarding attorneys' fees should help deter trademark owners from pursuing unreasonable claims.

REGISTRATION'S IMPORTANT BENEFITS

Another argument advanced by EFF and Professor Tushnet, which seemed to inform Justice Breyer's concerns about fair competition, was that owners of generic .com domain names have no reason to seek trademark protection given that they already enjoy the exclusive use of the domain name on the Internet. In response to these arguments, Justice Breyer questioned: [W]hy would a firm want to register its domain name as a trademark unless it wished to extend its area of exclusivity beyond the domain itself? The domain name system, after all, already ensures that competitors cannot appropriate a business's actual domain name.

But there are many legitimate reasons to register a generic.com domain name as a trademark, even with the limited scope of protection such a registration would provide.

As the *amicus* brief⁶ on behalf of a coalition of .COM brand owners explained, owners of generic.com domain names face the same kind of fraudulent, deceptive conduct that other brand owners face, and they need the enforcement tools available to trademark owners to defend against such conduct. For example, absent trademark protection, a competitor could open a brick-and-mortar storefront called "generic.com" and confuse consumers into believing that it was associated with the brand owner's business. This is exactly what happened to Cars.com, which discovered that an unaffiliated car dealership adopted the identical CARS.COM mark as the name of its storefront and featured the CARS.COM mark on its signage. Similarly, without trademark protection, brand owners like Booking.com BV would be unable to take advantage of the Lanham Act to prevent the sale of counterfeit items bearing its "booking.com" trademark, would be unable to register their trademarks with the Department of Homeland Security to facilitate seizure of counterfeit items by Customs and Border Protection, and would be unable to obtain exclusion orders from the International Trade Commission.

Generic.com brand owners also face the types of cybersquatting, spoofing and phishing attempts that plague other brand owners. Often the quickest and least expensive way to stop these fraudulent uses is by filing a complaint under the Uniform Domain-Name Dispute Resolution Policy (UDRP), which requires complainants to establish trademark rights to bring a successful claim. Similarly, brand owners are often spoofed on social

⁶ https://www.supremecourt.gov/DocketPDF/19/19-46/133549/20200219161119074_Brief%20of%20Coalition%20of%20.Com%20Brand%20Owners%20as%20Amici%20Curiae%20in%20Support%20of%20Respondent.pdf

media platforms, and many of the platforms require a trademark owner to produce evidence of ownership of a trademark registration as a prerequisite to removing infringing listings or posts. Although the USPTO and Professor Tushnet argued that traditional unfair competition laws can be used against such “bad actors,” those laws do not provide standing for a UDRP claim nor do they allow parties to invoke social media platform policies. As the court’s majority opinion rightly held, “federal trademark registration would offer Booking.com greater protection.”

The court’s decision is an important victory for brand owners, confirming that terms that are perceived by consumers as non-generic can be afforded all the protections of US trademark law. It is unlikely to lead to a parade of horrors because the Lanham Act already is designed to prevent misconduct. Indeed, there is no evidence of widespread anticompetitive conduct arising from marks that the USPTO previously registered, including generic.com marks such as art.com, weather.com, dating.com, restaurant.com, and tickets.com, as well as marks comprised of generic elements like The Container Store, The Home Depot, TV Guide, The Vitamin Shoppe and Pizza Hut. And there is no reason to think that continuing to allow such marks to be registered will lead to any heightened risk of trademark bullying. To the contrary, as the recent backcountry.com example shows, the nature of the internet and the rise of social media makes such misconduct less likely rather than more likely.

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Please do not hesitate to contact us with any questions.

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