



Use of Generic Terms Precludes Otherwise Well-Known Brand Names From Obtaining Trademark Protection

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Recently, the United States Court of Appeals for the Federal Circuit affirmed the Trademark Trial and Appeal Board's ("TTAB") rejection of the now well-known vacation rating website Hotels.com's application for trademark protection on the basis that the terms "hotels" and ".com" are too generic to warrant protection.

The ultimate goal of trademark protection is to avoid consumer confusion. Thus, to obtain trademark or "service mark" protection, a mark typically must distinguish the goods or services of an entity from those of other entities, must not confuse consumers about the relationship between one party and another, and must not otherwise deceive consumers with respect to the qualities of the goods or services rendered. In other words, the mark must be distinctive or specific. If the mark does not distinguish the goods or services from others or is otherwise incapable of indicating a specific source of the goods or services, the mark is considered "generic" and cannot be registered.

In this case, Hotels.com argued that the brand name "Hotels.com" is not generic, but instead indicates the specific services provided by the company. According to Hotels.com, "the context in which a term is used is evidence of how the term is perceived by prospective customers, and that the dot-com domain name is a significant aspect of the context of "Hotels.com." Hotels.com also provided significant survey evidence demonstrating that a majority of consumers understand "Hotels.com" to be the brand name of a specific entity.

The TTAB disagreed, however, and held that the term "hotels" simply "identifies the central focus of the information and reservation services provided on applicant's website" and the term ".com" simply shows internet commerce and does not impart registrability to an otherwise generic term. The TTAB also found that numerous other online businesses use the term "hotels.com" in some form (e.g., www.all-hotels.com, www.web-hotels.com,



www.my-discount-hotels.com, etc.), thus, demonstrating a "competitive need for others to use as part of their own domain names and trademarks, the term that [Hotels.com] is attempting to register." The Federal Circuit agreed with the TTAB's analysis and affirmed its rejection of Hotels.com's application.

Though denying trademark protection for generic terms is nothing new, the Federal Circuit's holding draws into question whether the numerous generic trade and service names, particularly those of online entities (e.g., Cars.com, Realtor.com, and Dictionary.com), are entitled to trademark protection at all.

Of course, there is no question that using generic terms has its advantages. Common terms are highly visible in the marketplace and are easy for consumers to locate and remember. This commonality, however, is precisely why courts ultimately deny trademark protection for generic terms. Entities should, therefore, carefully consider both the advantages and disadvantages of using such generic terms before selecting a term that may preclude them from obtaining trademark protection. Simply put, what is good for business may not always be good for your intellectual property rights.

In an effort to avoid this general prohibition against granting trademark protection for generic terms, many entities create logos or designs, often called "design marks," to represent their goods or services. These design marks may be combined with words or terms to create "composite marks," which may be entitled to trademark protections even if the words or terms used are, by themselves, considered generic. But again, these design and composite marks will be entitled to trademark protection only if they are unique enough to avoid consumer confusion.

In re Hotels.com, L.P. --- F.3d --- (Fed. Cir. 2009).