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“Tip of the Month”

Changes to US Trademark Law – Courtesy of the U.S. Supreme Court

By way of background, trademark law is intended to protect trademarks based on consumer perceptions. *Per se* trademark rules are sometimes incompatible with the goal of reflecting and protecting consumer perceptions.

In a case pitting the US Patent and Trademark Office (the “USPTO”) against Booking.com, the USPTO wanted a bright-line rule (i.e. a *per se* rule) that the combination of a generic term plus “.com” is always generic, meaning that such a combination is incapable of federal registration. The USPTO was concerned with the potential anti-competitive dangers in issuing registrations for generic.com trademarks. In a recent July 2020 ruling, the US Supreme Court in an 8-1 decision declined to establish such a rule. The Court stated that each generic-term.com mark must be evaluated on its merits based on the prevailing consumer perception of the applied-for mark. In other words, the mark’s meaning to consumers determines if it is a generic term. The Court recognized that consumers perceive “Booking.com” as a distinguishable entity. This ruling has opened the door to federal trademark registration for brands that choose to market their product names and domain names simultaneously.

A second case has to do with whether a trademark infringer should lose its profits from innocent infringement. In this case, Romag, a manufacturer of fasteners that can be used in leather goods entered in an agreement with a company called Fossil where Fossil would use Romag’s fasteners in Fossil’s products. Romag discovered that the factories Fossil used to make its products were using counterfeit Romag fasteners. Romag sued Fossil and was awarded millions of dollars in Fossil’s profits over the infringement notwithstanding that Fossil was an innocent infringer (i.e. Fossil didn’t know the fasteners were counterfeit). The Court of Appeals for the Federal Circuit ruled that Romag could not be awarded Fossil’s profits because Fossil had not acted “willfully.” The US Supreme Court saw it differently. On April 23, 2020, the U.S. Supreme Court ruled that a plaintiff can win a profits remedy without showing the defendant willfully infringed on its trademark. Justice Alito’s concurring opinion probably states it best, that willfulness (i.e. the mental state) of the infringer is a highly important consideration in awarding the infringer’s profits, but not an absolute precondition.

If you have questions about trademarks and liability, please contact the trademark attorneys at Mesmer & Deleault, PLLC by calling (603) 668-1971 or by email at mailbox@biz-patlaw.com.

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