

Supreme Court: TTAB Determination of Likelihood of Confusion *May* Have Preclusive Effect

It is not every day the Supreme Court gives trademark practitioners the chance to call a case “landmark” or “game changing.” *B&B Hardware, Inc. v. Hargis Industries, Inc.*, decided on March 24, in a 7-2 opinion by Justice Alito, has provided that opportunity, even if many may dispute those designations.

In *B&B Hardware*, the Court held that “[s]o long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB [the Trademark Trial and Appeal Board, which hears trademark opposition and cancellation proceedings] are materially the same as those before the district court, issue preclusion should apply to the determination of likelihood of confusion” by the TTAB.

It was a long road to this decision for the parties, who have been locked in a battle in the courts and at the TTAB over their respective marks for nearly two decades, and counting. After Hargis applied to register its SEALTITE mark, B&B initiated an opposition proceeding before the TTAB to block the registration based on its registered SEALTIGHT mark. B&B also filed suit for trademark infringement in district court. The TTAB ruled first, deciding that there was a likelihood of confusion between the two marks and refusing registration of Hargis’ SEALTITE mark on that basis.

Meanwhile, in the district court action, the jury found no likelihood of confusion between the marks. B&B argued that the TTAB’s finding of likelihood of confusion should preclude an alternate finding on that issue in court. The district court disagreed, and B&B appealed. The Eighth Circuit affirmed the lower court’s decision, finding, among other things, that the TTAB’s use of different factors than the Eighth Circuit to determine likelihood of confusion eliminated the possibility of issue preclusion.

The Supreme Court saw things differently than the lower courts. The Court first found that nothing in the Lanham Act – the statutory basis for the federal trademark registration process, including proceedings before the TTAB – barred the application of issue preclusion. Next, the Court found that its prior decisions allowed for the finding of a federal agency to be the basis for issue preclusion. Finally, the bulk of the Court’s opinion addressed the fact that, while there are differences between a court proceeding and a TTAB proceeding, the standards for determining likelihood of confusion in the two proceedings were effectively the same.

It would be easy – especially after a quick scan of the blog headlines and email alerts that immediately followed the ruling – to think *B&B Hardware* represented a profound change in trademark litigation. There is no doubt the case is significant and no doubt that the role and importance of opposition and cancellation proceedings will shift because of it, but there are important aspects of the ruling that may render issue preclusion unlikely in most situations. First, the Court was careful to make clear that issue preclusion could not be applied where the actual use of the mark – the subject of infringement analysis in district court – differs in a material way

from the trademark application. Justice Ginsburg filed a very short concurrence emphasizing this very point.

Second, a party to a TTAB opposition or cancellation proceeding always has the right to *de novo* review of the TTAB decision, either in the Federal Circuit or a district court. Although Hargis opted not to appeal the TTAB's determination of likelihood of confusion, such an appeal would have eliminated the preclusive effect of the TTAB decision. If nothing else, then, *B&B Hardware* will presumably increase the appeal rate of TTAB proceedings as parties face the threat of issue preclusion.

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