



THINK FORWARD

U.S. Supreme Court Rules Issue Preclusion Can Apply to TTAB Decisions

March 24, 2015

On March 24, 2015, the U.S. Supreme Court issued its ruling in *B&B Hardware, Inc. v. Hargis Industries, Inc.*, holding that issue preclusion can apply to adjudications of the Trademark Trial and Appeal Board, if the ordinary elements of issue preclusion are met and if the parties' uses of marks adjudicated by the Board are materially the same as those before a district court.

Hargis Industries, Inc. applied to register SEALTITE for fasteners used in the construction trade. B&B Hardware, Inc. opposed the application based on B&B Hardware's registration for SEALTIGHT for fasteners used in the aerospace industry. After a lengthy proceeding, the Trademark Trial & Appeal Board ('TTAB') sustained the opposition based on a 'likelihood of confusion.' In subsequent infringement litigation between the parties, B&B Hardware argued that Hargis was precluded from challenging 'likelihood of confusion' based on the TTAB's decision. The District Court and Eighth Circuit disagreed and upheld a jury verdict of no infringement.

The U.S. Supreme Court reversed and remanded. The Court first found that agency decisions can result in issue preclusion. '[I]ssue preclusion is not limited to those situations in which the same issue is before two courts,' as long as the 'ordinary elements of issue preclusion' are met. The elements come from the Restatement (Second) of Judgments §27:

'When an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim.'

The Court next found no reason why Congress would not want TTAB decisions, in particular, to have preclusive effect. Nothing in the text of the Lanham Act forbids such a result. Moreover, issue preclusion is not 'a one-way street.' Because the TTAB can give district court rulings issue preclusive effect, district courts can likewise give TTAB rulings similar effect.

Last, the Court considered 'whether there is a categorical reason why registration decisions can never meet the ordinary elements of issue preclusion, e.g., those elements set out in §27 of the Restatement (Second) of Judgments.' The Court held that there was no such categorical reason. However, the Court also recognized that 'for a great many registration decisions issue preclusion obviously will not apply because the ordinary elements will not be met. For those registrations, nothing we say today is relevant.' But still, some TTAB decisions will satisfy the ordinary elements and therefore there is no categorical rule against applying issue preclusion to TTAB decisions.

The Eighth Circuit thus erred in reasoning that issue preclusion cannot apply to TTAB decisions. The Court accordingly reversed and remanded the case for further proceedings consistent with its opinion.

If you have any questions about the Court's decision or how it may impact your business, please contact one of our [trademark](#) attorneys.

