



THINK FORWARD

Supreme Court to Decide Preclusive Effect of TTAB Decisions

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On Tuesday, July 1, 2014, the Supreme Court granted certiorari in *B&B Hardware, Inc. v. Hargis Industries, Inc.*, No. 13-352. The Supreme Court will address the following issues:

(1) Whether the Trademark Trial and Appeal Board's finding of a likelihood of confusion precludes respondent from re-litigating that issue in infringement litigation, in which likelihood of confusion is an element; and

(2) Whether, if issue preclusion does not apply, the district court was obliged to defer to the Board's finding of a likelihood of confusion absent strong evidence to rebut it.

Under the Lanham Act, a person may not use or register a mark that would be "likely to cause confusion" with an existing mark. There are two forums that may consider whether two marks create "a likelihood of confusion" under federal law—the Trademark Trial and Appeal Board (TTAB), which decides only issues of registration, and federal courts, which decide issues of use and registration. If a person seeks to register a mark with the USPTO that is likely to cause confusion with an existing mark, the owner may oppose registration of the new mark before the TTAB. In addition, the owner may sue in federal court for trademark infringement.

In this case, B&B Hardware opposed Hargis Industries' application to register the mark SEALTITE for self-drilling, self-taping screws for use in the metal-building industry. The TTAB held that Hargis' mark created a likelihood of confusion with B&B's mark SEALTIGHT for use with industrial fasteners for the aerospace industry. B&B then sued Hargis Industries for trademark infringement in federal court, lost, and appealed.

The Eighth Circuit held that the TTAB's decision on the issue of likelihood of confusion was not entitled to preclusive effect in the subsequent trademark infringement action between the same parties. The court also held that the TTAB decision was not entitled to deference by the district court.

The Eighth Circuit's decision creates a split of authority on the issue of whether to give preclusive effect to TTAB judgments. The Eighth Circuit is the lone court to deny preclusive effect or deference to the TTAB. Some circuits, such as the Third and Seventh, apply issue preclusion to all TTAB determinations on the likelihood of confusion. The Fifth and Eleventh Circuits withhold issue preclusion under any circumstance, but give great weight to the determination of the TTAB. Finally, the Second Circuit holds that preclusion applies only when the TTAB evaluated the marks in the context of the entire marketplace, because use is a key factor in an infringement action. The Supreme Court granted certiorari to resolve this split.

If the Supreme Court determines that a TTAB's likelihood of confusion decision has issue-preclusive effect, a party may be barred from contesting (or re-asserting) the likelihood of confusion issue in subsequent federal court litigation against the same opposing party. Issue preclusion (also known as

collateral estoppel) prevents re-litigation of issues that have already been decided on the merits.

The Supreme Court's decision could have a substantial impact on trademark practice. Currently, the only repercussion of losing an opposition is the inability to obtain a registration. The TTAB has no authority to prevent an applicant from using the mark at issue. If the Supreme Court attaches collateral-estoppel effect to a TTAB decision adverse to the applicant, the applicant will have to more carefully consider how far it is willing to go to defend itself in the opposition because the decision (depending on how broadly it is written) could collaterally estop the applicant in subsequent litigation between the parties in federal district court, which has the power to enjoin use (and to award monetary relief).

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