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## Keeping Tabs: When Will TTAB Decisions Have Preclusive Effect? Preclusive Effect of T.T.A.B. Likelihood of Confusion Decisions After *B&B v. Hargis Industries*

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*Keeping Tabs: When Will T.T.A.B. Decisions Have Preclusive Effect?  
Preclusive Effect of T.T.A.B. Likelihood of Confusion Decisions After  
B & B v. Hargis Industries*

BRENDAN J. KETCHUM\*

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## I. INTRODUCTION

The Supreme Court of the United States recently issued an opinion which could bring an end to a long-disputed issue in trademark law.<sup>1</sup> In a rare grant of certiorari on a trademark case, the Court sought to provide clarity and to unify a split of authority relating to the preclusive effect of T.T.A.B. decisions on subsequent infringement suits. This Comment will examine the context of *B & B Hardware, Inc. v. Hargis Industries, Inc.*<sup>2</sup> by viewing the underlying legal principles, and also by considering the possibilities for future interpretation. Most decisions rendered by the Trademark Trial and Appeals Board (“T.T.A.B.” or “Board”) will not have preclusive effect in subsequent trademark infringement litigation because the likelihood of confusion issue will not be identical in both proceedings. This Comment seeks to quell the proposition that a T.T.A.B. decision on likelihood of confusion precludes re-litigation of likelihood of confusion at the district court. Undoubtedly, some decisions may satisfy the requirements set forth in *B & B Hardware* such that preclusive effect will be given, but this Comment argues that the vast majority of cases will not meet this requirement.

## II. THE LAW OF PRECLUSION

The law of preclusion prevents a litigant from re-litigating claims or issues that have already been decided by an appropriate tribunal.<sup>3</sup> Res judicata, or preclusion law, is a doctrine involving two distinct, yet related mechanisms called collateral estoppel and claim preclusion.<sup>4</sup> Collateral estoppel stands for the proposition that if an *issue* of fact or law is decided by a final judgment after it has been actually litigated, the decision is conclusive in a subsequent action between the same parties irrespective of whether that issue is part of the same or a different claim.<sup>5</sup> Claim preclusion operates to treat a judgment as the full measure of relief to be administered between the parties with respect to the same cause of action, or claim.<sup>6</sup>

1. Patrick H. J. Hughes, *Supreme Court Says That TTAB Rulings Can Preclude Infringement Suits (U.S.)*, WESTLAW INTELLECTUAL PROPERTY DAILY BRIEFING, Mar. 25, 2015, 2015 WL 1311775.

2. 135 S. Ct. 1293 (2015).

3. 47 AM. JUR. 2D *Judgments* § 464 (2015).

4. *Id.*

5. RESTATEMENT (SECOND) OF JUDGMENTS § 27 (AM. LAW INST. 1982) (emphasis added).

6. See *Robi v. Five Platters, Inc.*, 838 F.2d 218, 321 (9th Cir. 1988) (quoting *Kasper Wire Works, Inc. v. Leco Eng'g & Mach., Inc.*, 575 F.2d 530, 535 (5th Cir. 1978)); see also 47 AM. JUR. 2D *Judgments* § 463 (2015).

This Comment will focus on collateral estoppel—also known as issue preclusion. There are four requirements for the doctrine of issue preclusion to apply:

(1) the issues in both proceedings must be identical, (2) the issue in the prior proceeding must have been actually litigated and actually decided, (3) there must have been a full and fair opportunity for litigation in the prior proceeding, and (4) the issue previously litigated must have been necessary to support a valid and final judgment on the merits.<sup>7</sup>

Courts are not the only adjudicative bodies whose decisions can be given preclusive effect; in some circumstances, administrative bodies and agencies can render decisions which will support a finding of preclusion in later proceedings.<sup>8</sup> For such a decision to have preclusive effect, the administrative tribunal must satisfy the essential elements of adjudication which include:

- (a) Adequate notice to persons who are to be bound by the adjudication . . . ;
- (b) The right on behalf of a party to present evidence and legal argument in support of the party's contentions and fair opportunity to rebut evidence and argument by opposing parties;
- (c) A formulation of issues of law and fact in terms of the application of rules with respect to specified parties concerning a specific transaction, situation, or status, or a specific series thereof;
- (d) A rule of finality, specifying a point in the proceeding when presentations are terminated and a final decision is rendered; and
- (e) Such other procedural elements as may be necessary to constitute the proceeding a sufficient means of conclusively determining the matter in question, having regard for the magnitude and complexity of the matter in question, the urgency with which the matter must be resolved, and the opportunity of the parties to obtain evidence and formulate legal contentions.<sup>9</sup>

There are several fundamental exceptions to issue preclusion. First, preclusion shall not apply if the party who is going to be adversely affected by the application of preclusion cannot, as a matter of law, seek a review of the judgment in the initial action.<sup>10</sup> Also, if differences exist between the two adjudicating bodies with respect to the quality and extensiveness of the procedures used to adjudicate, issue preclusion shall not apply.<sup>11</sup> If the

7. *Gelb v. Royal Globe Ins. Co.*, 798 F.2d 38, 44 (2d Cir. 1986).

8. RESTATEMENT (SECOND) OF JUDGMENTS § 83 (AM. LAW INST. 1982); *see also* 47 AM. JUR. 2D *Judgments* § 518 (2015).

9. RESTATEMENT (SECOND) OF JUDGMENTS § 83(2) (AM. LAW INST. 1982).

10. *Id.* at § 28(1).

11. *Id.* at § 28(3).

burden of persuasion is heavier with respect to the issue, or if the burden has shifted to the adversary with respect to the issue, the issue is not precluded.<sup>12</sup> Another important exception exists when “the amount in controversy in the first action [was] so small in relation to the amount of controversy in the second that preclusion would be plainly unfair.”<sup>13</sup>

### III. TRADEMARK TRIAL AND APPEAL BOARD

#### A. Generally

The T.T.A.B. was created when Congress passed amendments to the Lanham Act in 1958, and it serves several Lanham Act functions.<sup>14</sup> The Board has first jurisdiction in cases of inter partes proceedings dealing with matters of federal registration of trademarks.<sup>15</sup> Inter partes proceedings include oppositions, cancellations, and concurrent use proceedings, and such proceedings always include one party squarely challenging another party in relation to federal trademark registration.<sup>16</sup> The T.T.A.B. also hears appeals from refusals to register, which are issued by United States Patent and Trademark Office (“U.S.P.T.O.”) examining attorneys. Appeals from final refusal are ex parte proceedings as they only involve the applicant and U.S.P.T.O.<sup>17</sup>

The T.T.A.B. is not an Article III court; the jurisdiction conferred to the Board only permits it to make decisions as to the federal registration of trademarks, and it cannot adjudicate questions about the constitutionality of statutes or regulations.<sup>18</sup> Although all Board decisions can be cited, the precedential value of decisions made by the Board depends on whether the decision has been determined to be “citable as precedent.”<sup>19</sup> This Comment

12. *Id.* at § 28(4).

13. *B & B Hardware v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1309 (quoting RESTATEMENT (SECOND) OF JUDGMENTS § 28 cmt. j) (alteration in original).

14. 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 20:99 (4th ed. 2015).

15. *Id.*

16. *Id.* at § 20:100.

17. *Id.* at § 21:1.

18. *In re The Government of the District of Columbia*, 101 U.S.P.Q.2d 1588, 1602 (T.T.A.B. 2012) (“More importantly, we cannot rule on applicant’s constitutional arguments. The Trademark Trial and Appeal Board is an administrative tribunal, not an Article III court, and we have no authority to declare provisions of the Trademark Act unconstitutional.”); *see also* 3 MCCARTHY, *supra* note 14, § 20:99.

19. *See General Mills, Inc. v Health Valley Foods*, 24 U.S.P.Q. 2d 1270, 1275 n.9 (T.T.A.B. 1992) (“In the future, the Board will disregard citation as precedent of any unpublished or digest decision. Even if a complete copy of the unpublished or digest decision is submitted, the Board will disregard citation as precedent thereof. An exception exists, of course, for those situations in which a party is asserting issues of claim preclusion, [or] issue preclusion . . .”).

will primarily discuss opposition proceedings and their importance in later trademark infringement suits, as this was the procedural issue discussed in *B & B Hardware, Inc. v. Hargis Industries, Inc.*<sup>20</sup>

### B. Oppositions

Opposition proceedings involve a party opposing an applicant's application for a mark because the party "believes that he would be damaged by the registration of [the] mark."<sup>21</sup> Opposition proceedings function as a "backstop" for examination by U.S.P.T.O. trademark examining attorneys.<sup>22</sup> An opposition takes place after an examiner publishes the mark in the Trademark Official Gazette ("Gazette").<sup>23</sup> The Gazette operates to give notice to anyone who may be harmed by the registration of the mark.<sup>24</sup> Diligent mark holders have procedures in place to ensure detection of any marks that appear in the Gazette that may damage the mark holder.<sup>25</sup> When such a mark holder feels their rights would be damaged by registration of the mark in question, that mark holder can file an opposition.

The main issue in opposition proceedings is often whether there is a likelihood of confusion between the applicant's mark and the opposer's mark(s).<sup>26</sup> During an opposition proceeding, the test for likelihood of confusion involves an examination of the mark as it appears in the application and often not as the applicant actually uses the mark in the marketplace.<sup>27</sup> Here, it is worth noting that the T.T.A.B. can be presented with evidence of actual marketplace usage of the opposer's mark if the opposer relies, at least in part, on those uses as grounds for the opposition.<sup>28</sup> In addition, the Board can sometimes consider actual specimens of applicant's use when deciding likelihood of confusion.<sup>29</sup> This means that

20. *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015).

21. 15 U.S.C. § 1063(a) (2006).

22. 3 MCCARTHY, *supra* note 14, § 20:2.

23. *Id.* at § 19:132.

24. *Id.*

25. *Id.* at § 20:4.

26. *Id.* at § 20:15.

27. *Id.* at § 20:24.

28. *Fossil, Inc. v. Fossil Grp.*, 49 U.S.P.Q.2d 1451, 1998 WL 962201, at \*3 (T.T.A.B. 1994) ("[I]t is quite true that an opposer is not limited in an opposition to relying solely on those marks for which it has registrations. An opposer can rely upon other forms of its marks or indeed other marks for which it lacks registrations, provided opposer is the prior user. However, these other marks must be pled or tried by the consent of the parties."); *see also* *Jim Beam Brands Co. v. Beamish & Crawford, Ltd.*, 937 F.2d 729, 734 (2d Cir. 1991).

29. 4 McCarthy, *supra* note 14, §§ 23:78, 23:60 ("[I]n determining whether an applicant's mark is confusingly similar to another mark, it is appropriate in limited circumstances to compare actual specimens of applicant's use of the mark with other allegedly similar marks.").

often a decision rendered during an opposition proceeding does not resolve likelihood of confusion issues with respect to those uses not disclosed in the application and those uses not relied upon by the opposer.<sup>30</sup> If an applicant is dissatisfied with an adverse decision at the T.T.A.B., the applicant can appeal the decision to either the Federal Circuit or an appropriate district court.<sup>31</sup> Upon such a review, a court views the opposition de novo and allows the parties to introduce new evidence to support their position.<sup>32</sup>

### C. Procedures of the T.T.A.B.

For preclusion to apply, the law requires that the litigant is given a “full and fair opportunity” to litigate the issue.<sup>33</sup> The U.S.P.T.O. created and continues to update a procedure manual in the T.T.A.B named the Trademark Board Manual of Procedure (“TBMP”). The TBMP limits its own application by recognizing that it is merely a compilation of existing legislative and decisional law.<sup>34</sup> The procedural rules of the Board are similar in many ways to the rules of procedure in federal court. In fact, the TBMP makes the Federal Rules of Civil Procedure and the Federal Rules of Evidence applicable to inter partes proceedings, except as otherwise provided.<sup>35</sup> One distinction between proceedings at the T.T.A.B. as opposed to a federal court is that proceedings before the Board are conducted in writing.<sup>36</sup> In most respects, however, the T.T.A.B.—an administrative tribunal—functions the same way as a federal court.<sup>37</sup>

30. B & B Hardware, Inc. v. Hargis Indus., Inc., 125 S. Ct. 1293, 1307–08 (2015).

31. EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc., 746 F.2d 375, 377 (7th Cir. 1984); *see also* 3 McCarthy, *supra* note 14, at §§ 20:1–25.

32. 15 U.S.C. § 1071(b) (2011); *e.g.*, Kappos v. Hyatt, 132 S. Ct. 1690, 1700 (2012); *see, e.g.*, Swatch AG v. Beehive Wholesale, L.L.C., 739 F.3d 150, 154–55 (4th Cir. 2014) (applying de novo review to trademark case); *see also* 3 McCarthy, *supra* note 14, § 21:21.

33. *See supra* pt. II.

34. TBMP Introduction (2015), (“The manual does not modify, amend, or serve as a substitute for any existing statutes, rules, or decisional law and is not binding upon the Board, its reviewing tribunals, the Director, or the USPTO.”).

35. 37 C.F.R. §§ 2.122(a), 2.116 (2014); *see* TBMP, *supra* note 34, §§ 101.01, 101.02. <http://tbmp.uspto.gov/RDMS/detail/manual/TBMP/current/tbmpd1e2.xml/manual/TBMP/current/TBMP-100d1e1.xml>

36. 37 C.F.R. § 2.191 (2014).

37. Yamaha Intern. Corp. v. Hoshino Gakki Co., 840 F. 2d 1572, 1578 (Fed. Cir. 1988) (“[T]he PTO rules governing the procedure in oppositions are designed to approximate the proceedings in a courtroom trial.”).

#### IV. LIKELIHOOD OF CONFUSION

##### A. Importance

Likelihood of confusion is a key concept in trademark law. A trademark functions as a source identifying tool which serves to prevent consumer confusion and deception in the marketplace.<sup>38</sup> Likelihood of confusion appears in multiple places throughout the Lanham Act and is important for both statutory and common law trademark purposes. The first place a trademark applicant may encounter likelihood of confusion is during application for federal registration. An examining attorney may refuse a trademark on the basis of likelihood of confusion because the Lanham Act bars registration of confusingly similar marks.<sup>39</sup> Also, during the application process, an applicant may face an opposition proceeding after being published in the Gazette.<sup>40</sup> Opposition proceedings are often based on an opposer's claim that the applicant's mark is likely to be confused with the opposer's mark(s).<sup>41</sup> An opposer must have protectable rights when basing an opposition on likelihood of confusion under 15 U.S.C. 1052(d).<sup>42</sup> In addition to its importance to registration matters, likelihood of confusion is often the central inquiry when deciding a case of trademark infringement under 15 U.S.C. 1125(a).<sup>43</sup>

Whether a likelihood of confusion analysis arises under the Lanham Act or at common law is dependent on several different considerations, each of which has a different legal effect. If a trademark examining attorney finds that a likelihood of confusion exists for a given mark, the applicant is prevented from federally registering its mark.<sup>44</sup> This decision can be appealed to the T.T.A.B., which will decide, *ex parte*, the issue of likelihood of confusion, with the same legal consequences.<sup>45</sup> There are two scenarios where two adversarial parties squarely contest likelihood of confusion—

38. 15 U.S.C. § 1125 (2012); *see also* 1 J. McCarthy, *supra* note 14, § 3:2.

39. 15 U.S.C. § 1052 (2006).

40. *See supra* pt. III § B.

41. *Id.*

42. 3 McCarthy, *supra* note 14, § 20:15.

43. 15 U.S.C. § 1125 (a) (2012); *see also* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20(1) (AM. LAW INST. 1995) ("One is subject to liability for infringement of another's trademark, trade name, collective mark, or certification mark if the other's use has priority . . . and in identifying the actor's business or in marketing the actor's goods or services the actor uses a designation that causes a likelihood of confusion . . .").

44. *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1360 (C.C.P.A. 1973).

45. 3 McCarthy, *supra* note 14, § 20:99.

inter partes T.T.A.B. proceedings and infringement lawsuits.<sup>46</sup> The legal effects of those two different types of proceedings are vastly different. An applicant who loses an opposition proceeding at the T.T.A.B. is prevented from registering that mark, subject to a review by a federal court.<sup>47</sup> A trademark infringement lawsuit can yield damage awards well into the tens of millions of dollars.<sup>48</sup> Federal registration of a trademark is valuable and the losing the ability to register a mark is harmful to an applicant. However, an applicant's loss in front of the T.T.A.B. will not have preclusive effect on a potentially more harmful infringement lawsuit, unless the issue decided was truly the exact same issue. As will be shown below, in most cases, an applicant's loss during an opposition will not carry preclusive effect in a subsequent infringement lawsuit.

### *B. Test for Likelihood of Confusion*

There is no uniform test for likelihood of confusion for infringement, but the tests employed by the various federal courts have similar factors.<sup>49</sup> The T.T.A.B. and U.S.P.T.O. examining attorneys use the following factors to decide likelihood of confusion in registration matters, referred to as the *DuPont* factors, as established in *In re E. I. Du Pont DeNemours & Co.*:<sup>50</sup>

- (1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.
- (2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
- (3) The similarity or dissimilarity of established, likely-to-continue trade channels.
- (4) The conditions under which and buyers to whom sales are made, i. e. "impulse" vs. careful, sophisticated purchasing.
- (5) The fame of the prior mark (sales, advertising, length of use).
- (6) The number and nature of similar marks in use on similar goods.
- (7) The nature and extent of any actual confusion.

46. Oral Argument at 3:47, *B & B Hardware*, 135 S. Ct. at 1293 (No. 13-352), [http://www.oyez.org/cases/2010-2019/2014/2014\\_13\\_352](http://www.oyez.org/cases/2010-2019/2014/2014_13_352) ("[I]n the opposition or cancellation proceeding there is a concrete dispute between the holders of two marks."); see *infra* pt. III § A (inter partes proceedings can be oppositions, cancellations, or concurrent use).

47. See e.g., 3 McCarthy, *supra* note 14, § 20:3.

48. See, e.g., Matthew Bultman, *U-Haul Blasts \$60 M Trademark Award to PODS*, LAW360, April 9, 2015, <http://www.law360.com/articles/641241/u-haul-blasts-60m-trademark-award-to-pods>.

49. 4 McCarthy, *supra* note 14, § 23:19; see also Malla Pollack, *Likelihood of Confusion Pursuant to the Federal Lanham Act*, 15 U.S.C.A. §§ 1051 *et seq.*, 112 Am. Jur. Proof of Facts 3d § 10 (2010).

50. See TBMP, *supra* note 34, at § 1207.01 (Jan. 2015).

- (8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.
- (9) The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark).
- (10) The market interface between applicant and the owner of a prior mark:
- (a) a mere “consent” to register or use.
  - (b) agreement provisions designed to preclude confusion, i. e. limitations on continued use of the marks by each party.
  - (c) assignment of mark, application, registration and good will of the related business.
  - (d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion.
- (11) The extent to which applicant has a right to exclude others from use of its mark on its goods.
- (12) The extent of potential confusion, i. e., whether de minimis or substantial.
- (13) Any other established fact probative of the effect of use.<sup>51</sup>

The Federal Circuit also uses the *DuPont* factors as its test for likelihood of confusion.<sup>52</sup> Though the Federal Circuit and the T.T.A.B. use the same factors for registration and infringement purposes, the two tribunals will often examine these questions in the context of different evidentiary records.<sup>53</sup>

## V. BACKGROUND OF B & B HARDWARE V. HARGIS INDUSTRIES

This part gives an overview of the different types of treatment T.T.A.B. decisions have received, but it will not discuss the substantive issues underlying the decisions at length. After discussing the split of authority, this part then briefly examines the procedural posture and relevant background information found in the district court and court of appeals decisions in *B & B Hardware v. Hargis Industries*.

### A. Previous Split of Authority

Federal courts have been hesitant to give T.T.A.B. decisions preclusive effect on subsequent proceedings. In *Jim Beam Brands Co. v. Beamish & Crawford, Ltd.*, the Second Circuit found issue preclusion was inapplicable because the marketplace’s use of the marks was not examined during the

51. *In re E. I. DuPont DeNemours & Co.*, 476 F.2d at 1361.

52. Pollack, *supra* note 50.

53. *See supra* pt. III § B.

registration proceedings.<sup>54</sup> This case has extensive procedural background, but the relevant facts are that Jim Beam filed an inter partes cancellation proceeding with the Board, alleging that the “BEAMISH” mark was likely to cause confusion with Jim Beam’s marks.<sup>55</sup> The Board held there was no likelihood of confusion.<sup>56</sup> Jim Beam appealed to the Federal Circuit, which reversed the Board’s decision and cancelled Beamish’s mark.<sup>57</sup> Jim Beam subsequently filed an infringement lawsuit in federal district court and sought to preclude Beamish from re-litigating the issue of likelihood of confusion, arguing that the Federal Circuit already decided the issue during the registration proceeding.<sup>58</sup> The district court granted Jim Beam’s motion for summary judgment, holding that issue preclusion should apply, but the district court further held that claim preclusion should not because cancellation and infringement claims are significantly different.<sup>59</sup>

Beamish appealed to the Second Circuit, and there, the court found that issue preclusion was inapplicable. In infringement suits, the marks are viewed in the context of its use. The likelihood of confusion issue can be different for infringement suits and cancellation proceedings.<sup>60</sup> The Second Circuit decision pointed to the lack of evidence and findings relating to the marketplace context of use during the registration proceedings in front of the T.T.A.B and the Federal Circuit.<sup>61</sup> Specifically, the court found that because the T.T.A.B. did not examine or reference either party’s labels and because the comparison of the marks in context was “immaterial to the Federal Circuit’s decision,” issue preclusion was inapplicable.<sup>62</sup> Further support for this holding is found in the assertion that an appeal of a T.T.A.B. decision “must be carefully examined to determine exactly what was decided and on what evidentiary basis.”<sup>63</sup> The Second Circuit concluded the tests for infringement are different standards because the context of a mark’s use should additionally be considered in infringement suits.

54. 937 F.2d 729, 735–36 (2d Cir. 1991).

55. *Id.* at 731.

56. *Id.*

57. *Id.* at 732.

58. *Id.*

59. *Id.* at 732–33.

60. *Id.* at 734 (“[B]oth sections refer to whether the use of a mark is likely to cause confusion. When the trademarks are simply a word or words, however, the standards by which that likelihood is judged are different because the factual frame of reference used by the adjudicating body is different.”).

61. *Id.* at 735.

62. *Id.* (explaining that the likelihood of confusion standard for registration did not change upon review to the Federal Circuit).

63. *Id.* at 734 (quoting 2 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 32:31 (2d ed. 1984)).

The Seventh Circuit found that preclusion was appropriate because the parties had a full and fair opportunity to litigate the issues during an opposition proceeding at the T.T.A.B.<sup>64</sup> In *EZ Loader Trailers, Inc. v. Cox Trailers, Inc.*, the court was presented with a significantly different factual background than that of *Jim Beam*.<sup>65</sup> EZ Loader Trailers (“EZ Loader”) filed an opposition against Cox Trailers (“Cox”), alleging that registration of Cox’s mark would cause confusion.<sup>66</sup> During the T.T.A.B. proceedings, the parties submitted testimonies and hundreds of exhibits.<sup>67</sup> In light of this evidence, the Board discussed various aspects of the use of each party’s marks:

The question whether opposer’s mark “EZ LOADER” considered in its entirety, is merely descriptive is more difficult, principally because of the context of opposer’s use of this mark in its advertising, brochures, etc. Thus, applicant’s argument that “EZ LOADER” is merely descriptive of opposer’s trailers, i.e., that it merely conveys to purchasers that opposer’s trailers are “easy to load” has considerable support in opposer’s own materials, as illustrated by the following excerpts from the exhibits:

“Boats Load EZ.” (Opp. exh. 10.)

“All EZ Loaders \* \* \* make loading, especially in wind and current, a much easier proposition \* \* \*” (Opp. exh. 11.)

“Tilt tongue model with lock for easier loading.” (Opp. exh. 12.)

“The easiest loading you will ever experience.” (Opp. exh. 14.)

“EZiest LOADING”. (Opp. Exh. 15.)<sup>68</sup>

The Seventh Circuit opinion found this extensive evidentiary record was generated during a proceeding in front of an administrative body acting in a judicial capacity.<sup>69</sup> The court was able to rely on the T.T.A.B. decision, because the opposition proceeding used the extensive evidentiary record to consider the marks’ use in the context of advertisement and the channels through which the goods were marketed.<sup>70</sup> The Seventh Circuit accordingly found preclusion was appropriate because the T.T.A.B., supplied with an extensive record, considered the use of the marks in their marketplace context.<sup>71</sup>

64. *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 746 F.2d 375, 378–79 (7th Cir. 1984).

65. *See supra* pt. V § A para. 2.

66. *EZ Loader*, 746 F.2d at 376.

67. *Id.*

68. *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 213 U.S.P.Q. 597, 1982 WL 52013, at \*4 (T.T.A.B. 1982).

69. *EZ Loader*, 746 F.2d at 378.

70. *Id.* at 379.

71. *Id.* at 378–79.

In 1974, the Fifth Circuit in *American Heritage Life Insurance Co. v. Heritage Life Insurance Co.* looked extensively at the preclusion issue in a similar context and found that preclusion should not apply because application of preclusion would go against the congressional intent of the Lanham Act.<sup>72</sup> The court noted that decisions rendered by administrative agencies can have preclusive effect, so long as the agency acts in a judicial capacity and satisfies the normal rules for preclusion.<sup>73</sup> The Fifth Circuit's primary reason for not extending issue preclusion to T.T.A.B. administrative decisions was because the court reasoned the Lanham Act was not intended to confer such preclusive effect on the T.T.A.B.<sup>74</sup> Specifically, the court believed that because review of Board decisions could be reviewed de novo on appeal, legislative intent was not aligned with preclusion. However, the court asserted that T.T.A.B. findings should be entitled to "great weight" when cases are taken on direct appeal to the district courts, notwithstanding de novo reviews.<sup>75</sup> Although the Fifth Circuit did not believe preclusion should apply, the court failed to articulate a definite standard for giving deference to the Board.

#### *B. District Court & Eighth Circuit Proceedings Regarding Issue Preclusion*

The facts surrounding *the B & B Hardware v. Hargis Industries* are that Hargis Industries, a manufacturer of self-drilling screws for use in the construction of metal buildings, applied for a federal trademark registration for the mark "SEALTITE" in July 1996.<sup>76</sup> B & B Hardware, a manufacturer of fastener products sold under the name "SEALTIGHT," filed an opposition to Hargis's application claiming that registration of Hargis's mark would cause confusion.<sup>77</sup> The procedural back-drop of the case, as it relates to issue preclusion, is such that in 2002, Hargis's mark was published in the Gazette,

72. *Am. Heritage Life Ins. Co. v. Heritage Ins. Co.*, 494 F.2d 3, 9 (5th Cir. 1974), *abrogated by* *B & B Hardware v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015).

73. *Id.*; *see also supra* pt. II para. 3.

74. *Am. Heritage*, 494 F.2d at 9.

75. *Id. at 10* ("[F]indings as to confusing similarity of marks must be accepted as controlling unless the contrary is established by evidence which, in character and amount carries through conviction, notwithstanding that the case is heard de novo in the district court.") (internal quotation marks omitted).

76. SEALTITE, Registration No. 75129229.

77. *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 716 F.3d 1020, 1022 (8th Cir. 2013), *reversed by* *B & B Hardware v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015); *see also* SEALTITE Proceeding History, Trademark Status & Document Retrieval (TSDR), [http://tsdr.uspto.gov/#caseNumber=75129229&caseType=SERIAL\\_NO&searchType=statusSearch](http://tsdr.uspto.gov/#caseNumber=75129229&caseType=SERIAL_NO&searchType=statusSearch) (follow "Proceedings" hyperlink; then follow "Type of Proceeding: Opposition" hyperlink).

and B & B thereafter filed an opposition.<sup>78</sup> During the opposition proceedings, B & B also filed a trademark infringement lawsuit in federal district court. Then, before the conclusion of the infringement suit, the T.T.A.B. found in B & B's favor of opposer, B & B in the opposition proceeding,<sup>79</sup> and Hargis did not seek judicial review of the T.T.A.B.'s opposition decision.<sup>80</sup> The T.T.A.B. found that there was a likelihood of confusion between the marks.<sup>81</sup> In the on-going infringement suit, B & B then sought to preclude Hargis from litigating the likelihood of confusion issue at the district court, arguing that issue had already been decided in the T.T.A.B.<sup>82</sup>

After assessing the principles of preclusion law, the District Court for the Eastern District of Arkansas held that preclusion does not apply because the T.T.A.B. is not an Article III Court.<sup>83</sup> Additionally, the district court did not allow B & B to introduce the T.T.A.B. decision into evidence because they felt that it would confuse the jury.<sup>84</sup>

On appeal to the Eighth Circuit, B & B's main contention was that the previous likelihood of confusion finding by the T.T.A.B. precluded Hargis from re-litigating the issue.<sup>85</sup> The court assumed that T.T.A.B. decisions could have preclusive effect, but they found preclusion was not proper because the issues were not the same.<sup>86</sup> In that court's view, the issues were not the same because infringement suits require the court to look at the marketplace uses, whereas that is not required in T.T.A.B. proceedings.<sup>87</sup> Also, the Eighth Circuit felt the T.T.A.B. placed too much emphasis on the appearance and sound of the mark when spoken, as opposed to other likelihood of confusion factors.<sup>88</sup> In its opinion, the Eight Circuit succinctly stated one of its problems with applying issue preclusion in this scenario: "the fact that Hargis was unable to overcome B & B's challenge to the registration of Hargis's mark on the basis of likelihood of confusion does not

78. *SEALTITE* Proceeding History, *supra* note 77.

79. *B & B Hardware*, 716 F.3d at 1023.

80. *SEALTITE* Proceeding History, *supra* note 77.

81. *Id.*

82. *B & B Hardware*, 716 F.3d at 1022–23.

83. *Id.* at 1022.

84. *Id.*

85. *Id.* at 1023.

86. *Id.* at 1023–26.

87. *Id.* at 1025.

88. *Id.*

establish that B & B can meet its burden of persuasion for trademark infringement purposes”<sup>89</sup>

A dissenting opinion of the Eighth Circuit’s decision asserted that the T.T.A.B. had, in fact, considered the entire marketplace context of the marks, but the dissent failed to identify any specific points in the record indicating that the T.T.A.B. considered such marketplace context.<sup>90</sup> Furthermore, the dissent thought the majority’s holding would operate to prevent T.T.A.B. decisions from ever having preclusive effect.<sup>91</sup>

#### VI. *B & B HARDWARE V. HARGIS INDUSTRIES*—THE SUPREME COURT CASE

The Supreme Court granted certiorari on the issue of whether the district court should have applied issue preclusion to the T.T.A.B.’s decision on likelihood of confusion.<sup>92</sup> In a seven to two decision written by Justice Alito, the Court reversed the Eighth Circuit and held that “a court should give preclusive effect to T.T.A.B. decisions if the ordinary elements of issue preclusion are met.”<sup>93</sup> The opinion expressly agreed with the assertion, presented in dissent at the Court of Appeals, that the Eighth Circuit majority’s conclusion would “make it difficult for the doctrine [of issue preclusion] to ever apply in trademark suits”.<sup>94</sup>

In its analysis, the Court initially reviewed the goals of trademark law and the process of federal registration.<sup>95</sup> The opinion notes that T.T.A.B. proceedings are similar to civil action suits in federal district court, where “the primary way in which T.T.A.B. proceedings differ from ordinary civil litigation is that ‘proceedings before the Board are conducted in writing’” and that the Board’s decision is based upon the written record.<sup>96</sup> The Court summarized the T.T.A.B.’s decision by acknowledging the Board’s consideration of several *DuPont* factors, including: (1) whether B & B’s mark was famous, (2) how the products are used, and (3) how much the marks resemble each other.<sup>97</sup> The Court then began its review of the Eighth Circuit’s holdings by stating that three reasons why the Eighth Circuit

89. *Id.* at 1026.

90. *Id.* at 1029 (Colloton, J., dissenting).

91. *Id.*

92. *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1302 (2015).

93. *Id.* at 1299.

94. *Id.*

95. *Id.* at 1299–1301; *see supra* pts. II, III, IV.

96. *B & B Hardware*, 135 S. Ct. at 1300 (quoting TTAB Manual § 12.03).

97. *Id.* at 1302.

affirmed: (1) the T.T.A.B. uses different factors than the Eighth Circuit for likelihood of confusion analysis; (2) the T.T.A.B. placed too much emphasis on the appearance and sound of the two marks; and (3) Hargis had the burden of persuasion before the Board, whereas B & B had the burden in the district court.<sup>98</sup>

In order to quell any concerns about non-judicial issue preclusion, the Court's substantive legal analysis began by examining precedent relating to general administrative preclusion.<sup>99</sup> The fact that a decision is rendered by a non-Article III court does not foreclose the possibility of that decision having preclusive effect in later proceedings,<sup>100</sup> and on this matter, the Court held that "absent a contrary indication, Congress presumptively intends that an agency's determination . . . has preclusive effect."<sup>101</sup> By finding that there is no evident reason why congress would not have intended T.T.A.B. decisions to have preclusive effect, the Court noted there is no textual prohibition on preclusion arising from such a scenario and that the Lanham act does not forbid such preclusion.<sup>102</sup> Preclusion law, according to the Court, does not require a party to exercise their right to appeal an adverse decision in order for that decision to have preclusive effect.<sup>103</sup> The fact that an applicant who is dissatisfied with a decision of the T.T.A.B. can file an appeal that will be reviewed de novo in a federal court does not categorically prevent T.T.A.B. decisions from having preclusive effect.<sup>104</sup> Furthermore, the Court concluded that if Congress intended for registration proceedings to be expedited, they would not have included de novo review of T.T.A.B. decisions.<sup>105</sup> It is important to note that the Court ends its discussion by limiting the application of this holding when it concludes, "[F]or 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."<sup>106</sup>

Moving past the issue of whether the Lanham Act prevents issue preclusion, the Court examined whether there is a categorical reason why registration decisions could never meet the ordinary elements of issue

98. *Id.*

99. *Id.* at 1303.

100. *Id.* at 1304.

101. *Id.* at 1304–05 (citing *Univ. of Tenn. v. Elliot*, 478 U.S. 788, 796–799 (1986)).

102. *Id.* at 1305.

103. *Id.*

104. *Id.*

105. *Id.* at 1306.

106. *Id.*

preclusion.<sup>107</sup> The Court therefore analyzed the following questions: (1) whether the issues are ever identical; (2) whether the issues are ever capable of being actually litigated and actually decided in the T.T.A.B.; and (3) whether the parties can ever have a full and fair opportunity for litigation in registration proceedings.<sup>108</sup> The Court, in its main holding, found that all of these questions are answered in the affirmative.<sup>109</sup>

Regarding whether there are differences in the standard for likelihood of confusion when considering registration as opposed to infringement, the Court concluded the standards were the same for three reasons:

First, the operative language is essentially the same; the fact that the registration provision separates “likely” from “to cause confusion, or to cause mistake, or to deceive” does not change that reality. Second, the likelihood-of-confusion language that Congress used in these Lanham Act provisions has been central to trademark registration since at least 1881. That could hardly have been by accident. And third, district courts can cancel registrations during infringement litigation, just as they can adjudicate infringement in suits seeking judicial review of registration decisions. There is no reason to think that the same district judge in the same case should apply two separate standards of likelihood of confusion.<sup>110</sup>

Though that excerpt suggests that the Court found the operative language of the standard identical, it also seemed to acknowledge that the textual difference is significant in practice. Therefore, the Court accepted that an applicant before the Board in registration proceedings often relies on the information contained in their application; similarly true, an opposing party often relies on federal registrations of marks.<sup>111</sup> This suggests that for T.T.A.B. registration decisions that rely solely on the information in the application, preclusion should not apply to later infringement suits. In this case, the Court limited the application of its holding by stating, “[U]nlike in infringement litigation, the Board’s determination that a likelihood of confusion does or does not exist will not resolve the confusion issue with respect to non-disclosed usages.”<sup>112</sup> The Court’s holding with respect to the standard for likelihood of confusion is that even though the T.T.A.B. may

107. *Id.*

108. *See infra* pt. II. para. 1.

109. *B & B Hardware*, 135 S. Ct. at 1310.

110. *Id.* at 1307 (citations omitted).

111. *Id.* at 1307–08.

112. *Id.* at 1308 (quoting Brief for United States as Amicus Curiae Supporting Petitioner at 23, *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015) (No. 13-352)) (quotation marks omitted).

not always consider the same usages as a federal court, it still applies the same standard for likelihood of confusion.<sup>113</sup>

Regarding the requirements of (1) actually litigating and deciding an issue and (2) having a full and fair opportunity to do so, the Court found that “there is no categorical reason to doubt the quality, extensiveness, or fairness, of the agency’s procedures. In large part they are exactly the same as in federal court.”<sup>114</sup> The Court attributed the narrower scope of discovery at the T.T.A.B. to the fact that the T.T.A.B. often has fewer usages at issue.<sup>115</sup>

Recall that an exception to issue preclusion exists where the amount in controversy in the first action is small in comparison to the second action such that giving preclusive effect to the decision would be plainly unfair.<sup>116</sup> The Court held that the benefits to federal trademark registration are substantial and briefly noted that an applicant facing an opposition will be likely to “take the matter seriously.”<sup>117</sup>

## VII. SCOPE OF THE HOLDING AND FUTURE INTERPRETATION

### A. Limiting Language

At first read, the Supreme Court’s opinion in *B & B Hardware v. Hargis Industries* does not seem sufficiently limited. There are several key points in the opinion and in the oral argument that are textually and structurally supportive of the Supreme Court’s holding that T.T.A.B. decisions should have preclusive effect *only in limited circumstances*.<sup>118</sup>

An analysis of a portion of the main holding—identified by the majority as the applicable “rule” for use on remand—is useful for discussing the limits of this decision: “So long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply.”<sup>119</sup> As discussed in the opinion and above,<sup>120</sup> the ordinary elements of preclusion will often not be met because the issues will not be identical due to adjudication of different usages. In infringement suits, the analysis involves the mark usages in the “entire marketplace context,” and marketplace usages

113. *Id.*

114. *Id.* at 1309 (quotation omitted) (citation omitted).

115. *Id.*

116. RESTATEMENT (SECOND) OF JUDGMENTS § 28 cmt. j (AM. LAW INST. 1982); *see infra* pt. II para. 4.

117. *B & B Hardware*, 135 S. Ct. at 1310.

118. *Id.* at 1306, 1310.

119. *B & B Hardware*, 135 S. Ct. at 1310.

120. *Id.* at 1306–10; *see infra* pts. II, VI.

are often not fully disclosed in the applications or registrations considered by the T.T.A.B.<sup>121</sup> An illustrative example was conceded during oral argument by Mr. William M. Jay, the attorney for B & B Hardware—if the T.T.A.B., during an opposition, found a likelihood of confusion with respect to applicant’s mark for use on “clothes,” and the subsequent infringement suit was based on a sub-set of clothes, such as “jeans,” preclusion would not apply because the issues are different.<sup>122</sup> That is, when the T.T.A.B. finds a likelihood of confusion for a broad array of goods and the infringement suit is predicated on one subset of that broad array of goods, the issues are not the same, and a different analysis of the factors of likelihood of confusion is required.

Further support for this position is evidenced by the structural location of the other limiting language within the opinion. Located at the end of a discussion rejecting an argument asserting a lack of evident contrary congressional intent is the following: “[F]or 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.”<sup>123</sup> The location of this excerpt within the opinion suggests that the Court wanted to make it clear that even though preclusion comports with congressional intent, it is to be applied in limited circumstances. The same language is cited in Justice Ginsburg’s concurring opinion.<sup>124</sup> Additionally, the same concept is again reiterated at the end of another main holding of the opinion, appearing immediately after a discussion holding that the standards are the same for likelihood of confusion in registration and infringement, provided the following occurs: “[I]f a mark owner uses its mark in ways that are materially unlike the usages in its application, then the TTAB is not deciding the same issue [that a federal court does]. Thus, if the TTAB does not consider the marketplace usage of the parties’ marks, the TTAB’s decision should ‘have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue.’”<sup>125</sup>

It is evident that the Supreme Court sought to limit the application of this holding based on a textual and structural analysis of the opinion. While the Court focused on likelihood of confusion, it did not limit its holding to

121. Brief for The International Trademark Association in Support of Neither Party at 13–17, *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. at 1293 (No. 13-352).

122. Oral Argument at 9:15, *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. at 1293 (No. 13-352), [http://www.oyez.org/cases/2010-2019/2014/2014\\_13\\_352](http://www.oyez.org/cases/2010-2019/2014/2014_13_352).

123. *B & B Hardware*, 135 S. Ct. at 1306.

124. *Id.* at 1310 (Ginsburg, R., concurring) (“That is so because contested registrations are often decided upon a comparison of the marks in the abstract and apart from their marketplace usage.”).

125. *Id.* at 1308 (quoting 6 McCarthy, *supra* note 14, § 32:101).

issues of likelihood of confusion. As such, it seems that decisions of the T.T.A.B. could have preclusive effect on other issues.

### *B. The Record Required to Support Preclusion*

Because T.T.A.B. decisions can clearly have preclusive effect on subsequent infringement lawsuits, it is exceedingly important to consider the evidentiary record that is before the T.T.A.B. This Comment argues that unless the T.T.A.B.'s decision is based on marketplace evidence, courts should not find preclusion appropriate. The theoretical limitation to this is if an infringement action is based solely on the matter contained in federal trademark applications or registrations. In *EZ Loader Trailers, Inc. v. Cox Trailers, Inc.*, the T.T.A.B. was presented with a robust and extensive evidentiary basis for finding likelihood of confusion and, as such, the T.T.A.B. decision was entitled to issue preclusion.<sup>126</sup> There, the parties submitted hundreds of exhibits in addition to substantial testimony.<sup>127</sup>

Examination of the record before the T.T.A.B. in *B & B Hardware v. Hargis Industries* reveals the applicant submitted a thirty-one page trial brief, and the opposer's trial brief was nine pages long.<sup>128</sup> Together, the parties submitted twenty-two exhibits to the T.T.A.B. along with testimony from four deponents. Though this record includes evidence that may support a decision likelihood of confusion decision for registration purposes, it does not seem to exemplify the type of evidentiary record that the Court envisioned as the basis for a decision that would have preclusive effect. On remand, the district court found that the ordinary elements of issue preclusion were met because the usages considered at the T.T.A.B. were "materially the same" as the usages before the district court.<sup>129</sup>

## VIII. PRACTICAL CONSIDERATIONS

After a decision is issued for a significant case in any field of law, practitioners will have differing opinions as to the effects of the opinion. *B & B Hardware* is no exception, and trademark practitioners have expressed a wide array of differing opinions regarding the magnitude and scope of the

126. *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 213 U.S.P.Q. 597, 1982 WL 52013, at \*3-5 (T.T.A.B. 1982); *see supra* pt. V § A para. 3.

127. *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 213 U.S.P.Q. 597, 1982 WL 52013, at \*3-5 (T.T.A.B. 1982); *see supra* pt. V § A para. 3.

128. Trial Brief of Applicant Sealtite Building Fasteners, B&B Hardware, Inc. v. Sealtite Building Fasteners (Opp. No. 91155687) (T.T.A.B. 2006) <http://tsdr.uspto.gov/caseviewer/pdf?caselId=75129229&docIndex=7#docIndex=7>.

129. *B & B Hardware, Inc. v. Hargis Industries, Inc.*, 800 F.3d 427 (Mem) (8th Cir. 2015)

decision.<sup>130</sup> Many practitioners' insights deal with ways in which the *B & B Hardware* will change strategic decisions about whether or not to pursue action in front of the T.T.A.B., or alternatively, at a federal district court.

An attorney at Dickstein Shapiro LLP, Dawn Rudenko Albert, finds, consistent with this Comment, that preclusion will not apply in the vast majority of cases.<sup>131</sup> However, she also notes that parties will end up spending more money to litigate cases: "Because the stakes will be higher in some cases, so too will the attendant resources—money, effort, evidence—including more frequent requests for de novo review. But this will be of a minority of cases. In the majority of the cases, the parties will just be arguing over whether preclusion applies— which it won't."<sup>132</sup>

Alternatively, Steve Borgman of Vinson & Elkins LLP asserts, "[A] potential result may be that applicants now strategically narrow the description of the goods and services in the application, such as by expressly limiting them to certain channels . . . . In addition, potential applicants may choose to rely on common law rights and forego registration altogether. The reach of the court's opinion remains unclear."<sup>133</sup>

The contours of the decision in *B & B Hardware* are certainly going to be tested by litigants in the coming years. As another practitioner, Bryan Wheelock of Harness Dickey, put it, "Like stockbrokers, we are left to advise our clients: 'TTAB results are not a guarantee of district court performance.'"<sup>134</sup>

## IX. CONCLUSION

In the majority of infringement cases, issue preclusion will not be applicable because the issue will not be the same as the issue that was before the T.T.A.B. This is certainly the case for likelihood of confusion determinations of the T.T.A.B. because infringement suits will, more often than not, require analysis of marketplace. Judges, litigants, commentators, and especially practitioners should take *B & B Hardware* for what it is worth—a limited holding affirming a narrowly applicable, pre-existing doctrine. If preclusion is applied by courts in accordance with the limits of *B & B Hardware*, the opinion will affect only a small number of cases, but it

130. Mark Lebetkin, ed., *Attorneys React to Supreme Court's TTAB Preclusion Ruling*, LAW360, March 24, 2015, <http://www.law360.com/articles/635039/attorneys-react-to-supreme-court-s-ttab-preclusion-ruling>.

131. *Id.*

132. *Id.*

133. *Id.*

134. *Id.*

will affect those cases significantly. Thus, *B & B Hardware* affirms the proposition that T.T.A.B. decisions on likelihood of confusion will have preclusive effect on subsequent infringement lawsuits only in rare and limited circumstances.