

**LIKELIHOOD OF CONFUSION DETERMINATION IN FEDERAL COURT
TRADEMARK INFRINGEMENT LAWSUIT IS SUBJECT TO ISSUE PRECLUSION
BASED ON A PRIOR TTAB ADJUDICATION**

By Jonathan N. King

In *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S. Ct. 1293 (2015), the United States Supreme Court held that so long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the Trademark Trial and Appeals Board (“TTAB”) are materially the same as those before a district court, issue preclusion should apply.

Congress enacted the Lanham Act in 1946. The Lanham Act creates at least two adjudicative mechanisms to help protect trademarks. First, a trademark owner can register its mark with the United States Patent and Trademark Office (“USPTO”). Second, the owner of a trademark can bring a lawsuit for trademark infringement in federal court.

The Lanham Act provides important legal rights and benefits to trademark owners who register their marks. Registration serves as “constructive notice of a registrant’s claim of ownership of a mark.” (15 U.S.C. § 1072.) It is also prima facie evidence of the validity of the registered mark and of the registration of the mark, the owner’s ownership of the mark, and the owner’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration certificate. (15 U.S.C. § 1057(b).) Once a mark has been registered for five years, it can become “incontestable.” (15 U.S.C. § 1065; 15 U.S.C. § 1115(b).)

To obtain federal trademark protection, the owner of a trademark files an application with the USPTO. (15 U.S.C. § 1051.) The USPTO generally cannot register a mark which “so resembles” another mark “as to be likely, when used on or in connection with the goods of the applicant to cause confusion, or to cause mistake, or to deceive.” (15 U.S.C. § 1052(d).) If a trademark examiner believes that registration is warranted, the mark is published in the USPTO’s Official Gazette. (15 U.S.C. § 1062.) Any person who believes he would be damaged by the registration may file an opposition to the pending application. (15 U.S.C. § 1063(a).) If such occurs, opposition proceedings are conveyed before the USPTO’s TTAB, which consists of administrative trademark judges and high ranking USPTO officials, including the Director of the USPTO and the Commissioner of Trademarks. (15 U.S.C. § 1067.)

When a party opposes registration because it believes that the mark proposed is too similar to its own, the TTAB evaluates the likelihood of confusion by applying some or all of the 13 factors enunciated in *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357 (CCPA 1973): (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 . . . 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; (6) The number and nature of similar marks in use on similar goods; (7) The nature and extent of any actual confusion; (8) The length

of time during and the 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; (10) The market interface between the applicant and the owner of a prior mark; (11) The extent to which an applicant has a right to exclude others from use of its mark on its goods; (12) The extent of potential confusion; and (13) Any other established fact probative of the effect of use. However, “not all of the *DuPont* factors may be relevant or of equal weight in a given case, and ‘any one of the factors may control a particular case.’” (*See In re Dixie Restaurants, Inc.*, 105 F.3d 1405, 1406-1407 (Fed. Cir. 1997).) After the TTAB decides whether to register a mark, a party can seek review in the United States Court of Appeals for the Federal Circuit or it can file a new action in district court. (*See* 15 U.S.C. § 1071.)

The Lanham Act also creates a federal cause of action for trademark infringement. The owner of a mark, whether registered or not, can file a lawsuit in federal court if another is using a mark that too closely resembles the plaintiff’s mark. If this occurs, the federal district court must decide whether a defendant’s use of a mark in commerce “is likely to cause confusion, or to cause mistake, or to deceive” because of a resemblance to the plaintiff’s mark. (*See* 15 U.S.C. § 1114(a) for registered marks; and 15 U.S.C. § 1125(a)(1)(A) for unregistered marks.) In infringement litigation, the district court considers the full range of a trademark’s usages and not just those in the application.

In 1993, B&B Hardware registered SEALTIGHT for “threaded or unthreaded metal fasteners and other related hardwar[e]; namely, self-sealing nuts, bolts, screws, rivets and washers, all having a captive o-ring, for use in the aerospace industry.” In 1996, Hargis sought to register SEALTITE for “self-piercing and self-drilling metal screws for use in the manufacture of metal and post-frame buildings.” B&B Hardware opposed Hargis’ efforts to register SEALTITE on the basis that SEALTITE is confusingly similar to SEALTIGHT even though the two companies sell different products. Based upon the *DuPont* factors, the TTAB sided with B&B Hardware and found a likelihood of confusion. In particular, the TTAB determined that “SEALTITE—when ‘used in connection with ‘self-piercing and self-drilling metal screws for use in the manufacture of metal and post-frame buildings’—could not be registered because it ‘so resembles’ SEALTIGHT when ‘used in connection with fasteners that provide leakproof protection from liquids and gases, fasteners that have a captive o-ring, and ‘threaded or unthreaded metal fasteners and other related hardware . . . for use in the aerospace industry’ as to be likely to cause confusion.” (*B&B Hardware, supra*, 135 S.Ct. 1293, 1302.) Hargis failed to seek review by either the United States Court of Appeals for the Federal Circuit or by filing a new action in district court.

While the TTAB proceedings were ongoing, B&B Hardware also pursued Hargis in federal court for trademark infringement. Before the district court decided likelihood of confusion in the trademark infringement action, the TTAB’s adjudication was rendered and became final. However, the district court refused to apply issue preclusion on the premise that the TTAB is not an Article III court, and it allowed the matter to go to the jury. The jury returned a verdict in favor of Hargis finding no likelihood of confusion. B&B Hardware appealed to the Eighth Circuit Court of Appeals, which affirmed the district court while recognizing that agency decisions can serve as the basis for a finding of issue preclusion.

B&B Hardware's petition for review was granted by the United States Supreme Court. In a decision issued on March 24, 2015, the Supreme Court addressed a number of questions: (1) Whether an agency decision can ever ground issue preclusion; (2) Whether there is an evident reason that Congress would not want a TTAB decision to receive preclusive effect, even in cases in which the ordinary elements of issue preclusion are met; and (3) Whether there is a categorical reason why registration decisions can never meet the ordinary elements of issue preclusion.

As to the first question, the Supreme Court reasoned that TTAB registration decisions are sufficiently worthy and material to warrant issue preclusion. In particular, "[w]hen an administrative agency is acting in a judicial capacity and resolves disputed issues of fact before it which the parties have had an adequate opportunity to litigate, the courts have not hesitated to apply res judicata to enforce repose." (*B&B Hardware, supra*, 135 S. Ct. 1293, 1303.)

As to the second question, the Court concluded that nothing in the Lanham Act, either textually or structurally, bars the application of issue preclusion in those cases in which the ordinary elements of issue preclusion are met. (*B&B Hardware, supra*, 135 S. Ct. 1293, 1305.) The Court reasoned that the Lanham Act's text does not forbid issue preclusion, nor does the Act's structure. (*Ibid.*)

Finally, and as to the third question, the Court concluded there is no categorical reason why registration decisions cannot meet the ordinary elements of issue preclusion because "issue preclusion applies where the issues in the two cases are indeed identical and the other rules of collateral estoppel are carefully observed." (*B&B Hardware, supra*, 135 S. Ct. 1293, 1306.) In reaching this conclusion, the Court determined that likelihood of confusion for purposes of registration is the same standard as likelihood of confusion for purposes of infringement. (*Ibid.*)

The *B&B Hardware* decision is important in the context of trademark law because a TTAB adjudication based on likelihood of confusion may have a preclusive effect in a subsequent federal trademark infringement action. In light of this decision, it is very important that a party to an adverse TTAB finding strongly consider seeking review in the United States Court of Appeals for the Federal Circuit or by the filing of a new action in federal court in order to avoid the preclusive effect of the adverse TTAB decision.

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