

**BLOGS**

Trademarks

Supreme Court Holds That TTAB Rulings on Likelihood of Confusion May Bind A Court in a Later Proceeding

The U.S. Supreme Court recently held that, under certain circumstances, rulings by the Trademark Trial and Appeal Board (TTAB) of the United States Patent and Trademark Office on the core issue of “likelihood of confusion” in contested trademark registration (opposition or cancellation) proceedings can be binding on a court considering the same issue in infringement litigation. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (March 24, 2015). The TTAB had held, in an opposition proceeding, that there was a likelihood of confusion between B&B’s senior registered mark SEALTIGHT for metal fasteners in the aerospace industry and Hargis’s mark SEALTITE for metal fasteners in the construction industry. This resulted in a denial of Hargis’s application to register its mark. In a concurrent trademark infringement jury trial between the parties in federal district court, B&B asked the judge to hold that Hargis could no longer contest likelihood of confusion because the TTAB decision was binding under the doctrine of issue preclusion or collateral estoppel. The judge refused, B&B lost the case, and the Eighth Circuit affirmed. Reversing the district court and the Eighth Circuit, the Supreme Court, in a 7-2 decision, held that the TTAB had considered essentially the same material facts and applied the same legal standard that the district court was required to consider and apply in the infringement case. Therefore, the Board’s finding of likelihood of confusion was binding on the district court.

The court indicated that issue preclusion should apply in only a limited number of cases, where the ordinary elements of the doctrine (including the actual litigation of an essential issue of fact or law and its determination by a final judgment) are met, and “when the [trademark] usages adjudicated by the TTAB are materially the same as those before the district court.” For example, the TTAB often does not fully consider, but a court does consider, the effect of marketplace conditions on likelihood of confusion. In many cases, however, it will be difficult to predict whether preclusion will apply— especially in the early stages of either the TTAB case or the court case. This presents a significant challenge to trademark litigants and their counsel. TTAB proceedings are likely to become longer and more expensive, and settle less frequently. Decisions will probably be appealed more often. The lower courts will need to refine and apply the court’s “materially the same” standard on a case-by-case basis. Ultimately, as the court indicated, preclusion may not apply in many cases, but trademark disputants should err on the side of caution. Since courts can issue injunctions and award damages and the TTAB cannot, many may decide to bypass the TTAB and litigate their disputes in

Related People

Maisa Frank

Partner

Washington, D.C.

202.295.2209

maisa.frank@lathropgpm.com



the courts, which are also empowered to rule on trademark registration. Franchisors, as owners of many of the world's most famous brands, will unquestionably be impacted by *B&B Hardware, Inc. v. Hargis Industries*.