

Issue Preclusion in Trademark Litigation: Implications of B&B Hardware

Navigating Preclusive Effect and Rethinking TTAB Strategy
in Likelihood of Confusion Cases and Beyond

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Today's faculty features:

Roger N. Behle, Jr., Partner, **Foley Bezek Behle & Curtis**, Santa Barbara, Calif.

Stephen R. Baird, Shareholder, **Winthrop & Weinstine**, Minneapolis

Uli Widmaier, Partner, **Pattishall McAuliffe Newbury Hilliard & Geraldson**, Chicago

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(Just) the Right to Register a Trademark

By [Steve Baird](#) on June 5th, 2014

Posted in [Articles](#), [Branding](#), [Civil Procedure](#), [Infringement](#), [Law Suits](#), [SoapBox](#), [Trademarks](#), [TTAB](#), [USPTO](#)

Every so often there is a moment when trademark types, marketing types and brand owners need to pay close attention to where the law could be headed. Today, I'm sounding the alarm.

If the U.S. Supreme Court decides to follow the advice it recently [sought and received](#) from the U.S. Solicitor General (SG) of the Department of Justice, those of us who care deeply about the enforcement and protection of brands and trademarks could be facing a real paradigm shift.

Contrary to what [Intellectual Property Brief](#) has reported, the U.S. Supreme Court has not yet decided to review the Eighth Circuit Court of Appeals decision in [B & B Hardware, Inc. v. Hargis Industries, Inc.](#) Instead, back in January, it invited the SG to express the views of the United States on whether it should hear the case. Those views were filed and expressed in the form of an [amicus brief on May 23, 2014](#).

The SG's amicus brief encourages the Supreme Court to review the case, and [it seems likely the Court will do so](#). If so, let's hope the Court is flooded with thoughtful amicus briefs to help it get this important issue right. At a minimum, [INTA](#) should weigh in as a [friend of the court](#).

[SCOTUSblog](#) identifies the two issues to be:

“(1) Whether the Trademark Trial and Appeal Board’s finding of a likelihood of confusion precludes respondent from relitigating 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.”

Basically, the Court is being asked to decide the impact (if any), of a prior win or loss (on the issue of likelihood of confusion) at the TTAB, on a later federal district court trademark infringement case involving the same marks and parties.

Unfortunately, in addressing the substance of the issues, the SG's amicus brief borrows liberally from the dissenting judge's perspective in the Eighth Circuit decision, such that likelihood of confusion decided by the TTAB to determine registrability apparently is believed to be the same issue as likelihood of confusion decided by a federal court for purposes of infringement. They aren't and they shouldn't be, for reasons I'll elaborate on in my next post on this topic.

In the meantime, it seems to me, both the SG and dissenting Judge Colloton fail to appreciate the very limited jurisdiction of the TTAB. For those of us who regularly practice before the TTAB, we know that the TTAB is not shy about reminding parties before it of this limited jurisdiction and that cases before the TTAB should not be litigated as if more is at issue than simply the right to register a trademark.

The TTAB's Manual of Procedure sets forth this very limited jurisdiction quite clearly in TBMP Section 102.01:

“The Trademark Trial and Appeal Board is an administrative tribunal of the United States Patent and Trademark Office. The Board is empowered to determine only the right to register. The Board is not authorized to determine the right to use, nor may it decide broader questions of infringement or unfair competition. Similarly, the Board, being an administrative tribunal, has no authority to declare any portion of the Act of 1946, or any other act of Congress, unconstitutional.”

Indeed, back in 2007 when the TTAB [introduced the new rules of practice](#), it reinforced the above, making very clear:

“Initial disclosure obligations should be easier to meet in Board cases than in civil actions. One reason is that the Board’s jurisdiction is limited to determining the right of a party to obtain, or retain, a registration. Moreover, the extent of available claims and defenses that may be advanced is not nearly as broad as in the district courts. In addition, the Board recognizes the impact of other issues relatively unique to Board proceedings. For example, a high percentage of applications involved in oppositions are not based on use of the applied-for mark in commerce but, rather, on intent to use, on a foreign registration or on an international registration. Further, certain precepts that govern analysis of issues raised by claims or defenses in typical Board cases effectively limit the Board’s focus. For example, in a [likelihood of confusion] case under Section 2(d) of the Trademark Act, 15 U.S.C. 1052(d), the Board focuses only on goods or services recited in identifications, and on the mark as registered or applied-for, irrespective of many actual marketplace issues.”

Baby trademark lawyers have been taught for decades that the right to register a trademark is separate and distinct from the right to use a trademark. Every day we clear marks for brand owners understanding the critical difference between these important rights.

It is not uncommon for a brand owner to be refused registration of a trademark based on another's prior registration for a similar mark, but that doesn't necessarily mean the brand owner's use of the mark is infringing, or that it should be enjoined, or that monetary awards are appropriate for the continued use of the mark.

More on this to follow, but for the purposes of today, I'm not convinced that the TTAB's likelihood of confusion decision about registrability ever should preclude a federal district court from deciding for itself the question of likely confusion for infringement purposes.

How do you come down on this issue?

Tags: [Amicus Briefs](#), [B&B Hardware v. Hargis Industries](#), [Department of Justice](#), [Eighth Circuit Court of Appeals](#), [Federal Registration](#), [INTA](#), [Intellectual Property Brief](#), [Issue Preclusion](#), [Likelihood of Confusion](#), [SCOTUSblog](#), [Section 2\(d\) of the Lanham Act](#), [Solicitor General](#), [TBMP](#), [Trademark Registration](#), [TTAB Rules of Practice](#), [U.S. Supreme Court](#)

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[Winthrop & Weinstine, P.A.](#)

/

Suite 3500 / 225 South Sixth Street /
Minneapolis, MN 55402-4629

Telephone:

(612) 604-6400

/ Fax:

(612) 604-6800

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Amici Weigh in on “Right to Register v. Right to Use” Trademark Case at Supreme Court

By [Steve Baird](#) on September 23rd, 2014

Posted in [Articles](#), [Infringement](#), [Law Suits](#), [Trademarks](#), [TTAB](#), [USPTO](#)

More than three months ago, [we sounded the alarm](#) about an important trademark case to consider the interplay between the right to register and the right to use a trademark:

“Every so often there is a moment when trademark types, marketing types and brand owners need to pay close attention to where the law could be headed. Today, I’m sounding the alarm.

If the U.S. Supreme Court decides to follow the advice it recently [sought and received](#) from the U.S. Solicitor General (SG) of the Department of Justice, those of us who care deeply about the enforcement and protection of brands and trademarks could be facing a real paradigm shift.

The SG’s amicus brief encourages the Supreme Court to review the case, and [it seems likely the Court will do so](#). If so, let’s hope the Court is flooded with thoughtful amicus briefs to help it get this important issue right. At a minimum, [INTA](#) should weigh in as a [friend of the court](#).”

By way of follow-up to that discussion, [the Supreme Court has agreed to decide the B&B Hardware case](#), it is hearing oral arguments on December 2, 2014, and I’m pleased to report that we weren’t the only ones recognizing the importance of having the Supreme Court reach the right answer to this question: [“The impact \(if any\), of a prior win or loss \(on the issue of likelihood of confusion\) at the USPTO’s Trademark Trial and Appeal Board \(TTAB\) on a later federal district court trademark infringement case involving the same marks and parties.”](#)

Although the Court wasn’t “flooded” with amicus briefs, it does appear to have received four briefs from some heavy-hitter amici:

- [Solicitor General on Behalf of United States of America \(SG\)](#);
- [American Intellectual Property Law Association \(AIPLA\)](#);
- [Intellectual Property Law Association of Chicago \(IPLAC\)](#); and
- [International Trademark Association \(INTA\)](#)

The SG’s amicus brief, as well-written as it is, fails to appreciate the very limited scope of TTAB jurisdiction, the full extent of its unique practices and procedures in deciding likelihood of confusion for purposes of registration, and [unfortunately the influential SG takes the following misguided position \(without respecting the TTAB’s own view of its limited jurisdiction](#), much less appreciating the negative impact that the threat of preclusion will have by necessarily escalating the stakes, intensity and expense of administrative Board proceedings going forward):

“When the Board concludes in an opposition proceeding that a likelihood of confusion does or does not exist with respect to particular usages, that determination precludes relitigation of the likelihood of confusion question in a subsequent infringement action between the same parties for the same usages.”

IPLAC’s amicus brief oddly concluded:

“[T]he Supreme Court should be aware as follows: (1) a significant dichotomy exists in the nature of cases resolved by the Trademark Trial and Appeal Board, (2) TTAB cases routinely function as typical federal litigation cases, with discovery and trial, pursuant in part to the Federal Rules of Civil Procedure and Evidence, and (3) the Seventh Amendment may be implicated and trump any other consideration in the case.”

AIPLA’s amicus brief eschewed a bright line test, noting preclusion is possible, but rare:

“AIPLA respectfully requests that the Court clarify that a TTAB decision on likelihood of confusion can, in appropriate and narrow circumstances, have a preclusive effect, and that if a TTAB decision is denied preclusive effect because the issue is not the same, then no deference is due. However, deference may be appropriate where a TTAB decision is denied preclusive effect for other reasons.”

INTA’s amicus brief correctly concluded a bright line test is appropriate, no preclusion:

“INTA urges this Court to rule that: (1) TTAB determinations on the likelihood of confusion do not have preclusive effect in subsequent civil court proceedings; and (2) district courts should determine, on a case-by-case basis, whether, and to what extent, TTAB’s determinations should be afforded deference, but such deference should be limited to fact issues that were identical and fully litigated and should not prevent a party from offering other evidence and arguments that may nevertheless compel a different result.”

In my opinion, INTA’s amicus brief is the only one to score an A. INTA’s amicus brief did a very impressive job of communicating the clear difference between how likelihood of confusion is addressed at the TTAB in determining the right to register, as compared to how likelihood of confusion is addressed in federal courts across the country — with brand owners having far more at stake in the latter, including injunctive relief, damages, and attorneys fees.

What I don't recall seeing in any of the amici briefs is the impact on likelihood of confusion in deciding requests to register *standard character marks* at the USPTO, a potentially much broader right than those acquired through actual use in commerce. (I double-checked, and it appears there is one small reference in AIPLA's brief, and none in the other amici briefs). In any event, my experience is that the vast majority of oppositions and cancellations involve *standard character marks* of at least one of the parties, so it seems like a point worth making.

Simply stated, being denied a request for a broader registered right does not automatically warrant a finding of infringement. [As we've said before](#): "[J]ust because a brand owner is denied the right to register doesn't necessarily mean that actual infringement has occurred, injunctive relief is appropriate, or monetary relief is warranted."

It seems to me that the TTAB's frequent focus on the registration of *standard character marks*, in oppositions and cancellations, reinforces INTA's point about how the TTAB decides likelihood of confusion "on paper" at the USPTO as opposed to how a federal district court finds likelihood of confusion in "the real world" with the specific marks in use in their full and complete marketplace context:

- If a mark (in either an application or a registration) is presented in standard characters, the owner of the mark is not limited to any particular depiction of the mark. *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 950, 55 USPQ2d 1842, 1847 (Fed. Cir. 2000); *In re Cox Enters.*, 82 USPQ2d 1040, 1044 (TTAB 2007).
- The rights associated with a mark in standard characters reside in the wording (or other literal element, e.g., letters, numerals, punctuation) and not in any particular display. *In re White Rock Distilleries Inc.*, 92 USPQ2d 1282, 1284 (TTAB 2009).
- A registrant is entitled to all depictions of a standard character mark regardless of the font style, size, or color, and not merely "reasonable manners" of depicting such mark. *See In re Viterra Inc.*, 671 F.3d 1358, 1364-65, 101 USPQ2d 1905, 1910 (Fed. Cir. 2012); *Citigroup Inc. v. Capital City Bank Group, Inc.*, 637 F.3d 1344, 1353, 98 USPQ2d 1253, 1259 (Fed. Cir. 2011).
- Therefore, an applicant cannot, by presenting its mark in special form, avoid likelihood of confusion with a mark that is registered in standard characters because the registered mark presumably could be used in the same manner of display. *See, e.g., In re RSI Sys., LLC*, 88 USPQ2d 1445, 1448 (TTAB 2008); *In re Melville Corp.*, 18 USPQ2d 1386, 1388 (TTAB 1991); *In re Pollio Dairy Prods. Corp.*, 8 USPQ2d 2012, 2015 (TTAB 1988).
- Likewise, the fact that an applied-for mark is presented in standard character form would not, by itself, be sufficient to distinguish it from a similar mark in special form. *See, e.g., In re Mighty Leaf Tea*, 601 F.3d 1342, 1348, 94 USPQ2d 1257, 1260 (Fed. Cir. 2010); *Sunnen Prods. Co. v. Sunex Int'l, Inc.*, 1 USPQ2d 1744, 1747 (TTAB 1987); *In re Hester Indus., Inc.*, 231 USPQ 881, 882 n.6 (TTAB 1986).

With this well-settled precedent governing most TTAB cases, it should become more and more clear that proving likelihood of confusion at the TTAB to prevent another from being able to register a *standard character mark* doesn't necessarily mean that infringement should be assumed or that it can even be established in federal district court, based on the actual market conditions of the specific trademark uses of the parties.

How do you see the Supreme Court deciding this important case for brand owners who enforce their trademark rights or have their right to register challenged at the TTAB?

Tags: [AIPLA](#), [Amicus Briefs](#), [Federal Registration](#), [Immediate Injunctive Relief](#), [INTA](#), [IPLAC](#), [Likelihood of Confusion](#), [Right to Register a Trademark](#), [Right to Use a Trademark](#), [Solicitor General](#), [Standard Character](#), [supreme](#), [U.S. Supreme Court](#)

[DuetsBlog](#)

[Winthrop & Weinstine, P.A.](#)

/
Suite 3500 / 225 South Sixth Street /
Minneapolis, MN 55402-4629

Telephone:
(612) 604-6400

/ Fax:
(612) 604-6800

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Channeling Justice Ginsburg of U.S. Supreme Court on the Right to Register a Trademark

By [Steve Baird](#) on December 5th, 2014

Posted in [Articles](#), [Branding](#), [Civil Procedure](#), [Infringement](#), [Law Suits](#), [Trademarks](#), [TTAB](#), [USPTO](#)

We [sounded the alarm](#) exactly six months ago about a trademark case of great importance to brand owners: [B&B Hardware v. Hargis Industries](#). Earlier this week, the U.S. Supreme Court heard oral argument in the case, and [here is a link to the transcript](#) (hat tip to [Draeke](#)).

[As you will recall](#), our concern in sounding the alarm is that the Supreme Court might follow the advice of the Solicitor General (SG) who essentially equates the right to register with the right to use a trademark, seemingly suggesting the right to use is dependent on the right to register:

“The SG’s amicus brief, as well-written as it is, fails to appreciate the very limited scope of TTAB jurisdiction, the full extent of its unique practices and procedures in deciding likelihood of confusion for purposes of registration, and [unfortunately the influential SG takes the following misguided position](#) ([without respecting the TTAB’s own view of its limited jurisdiction](#), much less appreciating the negative impact that the threat of preclusion will have by necessarily escalating the stakes, intensity and expense of administrative Board proceedings going forward):

“When the Board concludes in an opposition proceeding that a likelihood of confusion does or does not exist with respect to particular usages, that determination precludes relitigation of the likelihood of confusion question in a subsequent infringement action between the same parties for the same usages.”

[We liked](#) INTA’s amicus brief far better, calling for a black and white test against preclusion:

“INTA’s amicus brief is the only one to score an A. INTA’s amicus brief did a very impressive job of communicating the clear difference between how likelihood of confusion is addressed at the TTAB in determining the right to register, as compared to how likelihood of confusion is addressed in federal courts across the country — with brand owners having far more at stake in the latter, including injunctive relief, damages, and attorneys fees.”

We’ve also [said before](#):

“Baby trademark lawyers have been taught for decades that the right to register a trademark is separate and distinct from the right to use a trademark. Every day we clear marks for brand owners understanding the critical difference between these important rights. It is not uncommon for a brand owner to be refused registration of a trademark based on another’s prior registration for a similar mark, but that doesn’t necessarily mean the brand owner’s use of the mark is infringing, or that it should be enjoined, or that monetary awards are appropriate for the continued use of the mark.”

So, imagine my pleasant surprise in reading the Supreme Court transcript (because I couldn’t just walk down the street to hear the live oral argument like [Erik Pelton](#)) that Justice Ginsburg appeared receptive to our channeling — coming out of the gates hard against preclusion, within the first 75 words uttered by counsel for Petitioner B&B Hardware:

Mr. William Jay: “The Lanham Act contains only one concept of likelihood of confusion. That is why the two tribunals in this case decided the same issue, and that is why the issue of preclusion is appropriate. Whether a court is considering registration or infringement or both at the same time, the statutory test is the same, whether the resemblance of the marks as used on particular goods would give rise to a likelihood of confusion or mistake or deceit.”

Justice Ginsburg: “Mr. Jay, there are exceptions to preclusion even though you would see the identical issue, and one of them is when the stakes are higher in the second proceeding than in the first and . . . it seems to me this is such a case, because it’s one thing to say that we won’t register your mark and another to say you can’t use the mark. . . . And one way of assuring expeditiousness is to confine the stakes to the matter immediately in controversy. . . . The matter of controversy is registration, and in the second proceeding, it’s infringement. . . . [Y]ou don’t want to make that [expeditious first] proceeding pull out all the stops because it’s going to be determinative of the infringement suit. . . . [I]f one aspect of the first proceeding is to assure expeditiousness, then confining the stakes to that issue of registration makes sense so that the parties will not be induced to dispute the administrative proceeding in anticipation of its effect on another proceeding.”

Bingo! And, here’s to hoping that Justice Ginsburg ends up writing the Court’s majority opinion.

Tags: [B&B Hardware v. Hargis Industries](#), [INTA](#), [Justice Ginsburg](#), [likelihood](#), [Right to Register a Trademark](#), [Right to Use a Trademark](#), [Trademark Infringement](#), [Trademark Registration](#), [U.S. Supreme Court](#)

Suite 3500 / 225 South Sixth Street /
Minneapolis, MN 55402-4629

Telephone:
(612) 604-6400
/ Fax:
(612) 604-6800

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On Unintended Consequences: Will the B&B SCOTUS Ruling Encourage Trademark Bullies?

By [Steve Baird](#) on March 30th, 2015

Posted in [Almost Advice](#), [Articles](#), [Branding](#), [Civil Procedure](#), [Infringement](#), [Law Suits](#), [Trademark Bullying](#), [Trademarks](#), [TTAB](#), [USPTO](#)

Last week, while I was preparing for and had the unique opportunity of arguing a [real, live TTAB final hearing](#) on the merits, outside the TTAB's typical oral hearing location (because it was [selected by the TTAB](#) to be part of the ABA's [IPLSpring continuing education conference](#) in Bethesda, Maryland), the Supreme Court issued its long-anticipated decision in [B&B Hardware, Inc. v. Hargis Industries, Inc.](#) Hopefully this explains my delay. SCOTUSblog coverage is [here](#).

B&B Hardware is the case [we sounded the alarm about](#) last June:

“If the U.S. Supreme Court decides to follow the advice it recently [sought and received](#) from the U.S. Solicitor General (SG) of the Department of Justice, those of us who care deeply about the enforcement and protection of brands and trademarks could be facing a real paradigm shift.”

Well, the paradigm has now shifted, unless and until Congress steps up to clarify ([perhaps at INTA's urging](#)) that it never intended to have un-appealed TTAB decisions (concerning likelihood of confusion and the *right to register* a trademark) replace the ability of a federal district court to decide for itself, likelihood of confusion and *the right to use*, in the context of a later-filed federal trademark infringement action.

The law of the Eighth Circuit before this decision recognized the distinct difference between [the right to use a trademark and the right to register](#) a trademark. It was predictable. It was black/white. Under no circumstances would a federal district court ever be bound by an earlier administrative decision of the TTAB. It fully recognized that [the lower stakes of defending the right to register are not the same as the higher stakes of defending the right to use as part of a charge of trademark infringement](#) (with the plaintiff's ability to pursue both injunctive and monetary relief in federal court — remedies the TTAB has never provided and cannot provide, at least under current law, even after *B&B Hardware*).

In essence, it allowed for a brand owner and trademark applicant to value those distinct rights differently. Under the pre-*B&B Hardware* law, a brand owner and trademark applicant could put forward a modest defense against an opposer's challenge to registration, knowing it didn't need to pull out all the stops in its defense, because the burden remained on the opposer to file suit in federal district court if it actually wanted to threaten the trademark applicant's right to use. So, until now, at least in the Eighth Circuit, there hasn't been a risk of questioning the applicant's modest defense approach in the TTAB — if the losing trademark applicant was later sued for trademark infringement, it could decide then to pull out all the stops, given the significantly higher stakes, and vigorously defend the right to use more like a bet-the-company lawsuit.

After *B&B Hardware*, however, despite the Court's attempt to draw a narrow decision and limit the number of actual TTAB cases where preclusion will prevent a federal district court from deciding likelihood of confusion for itself, brand owners will now, ironically, be faced with the potential for a cottage industry of litigation over the now very gray questions of whether preclusion will, in fact, apply in their specific cases and as to what issues.

Over the past several days, many opinions on the groundbreaking decision have been shared, and what has emerged as an overwhelming consensus among, at least, outside trademark counsel for brand owners, are the following observations:

1. The *B&B Hardware* decision is an important one and it will definitely impact trademark enforcement strategies going forward;
2. The stakes involved in TTAB enforcement just went up, a lot — they no longer impact only the right to register, but the right to use too;
3. The complexity, intensity, size of the record, and cost of seeing a TTAB decision through final hearing just went up;
4. The losing party at the TTAB is more likely to appeal the adverse decision to federal district court for a *de novo* review; and
5. Given all this, more brand owners may opt to suspend TTAB actions while they pursue all their claims in federal district court.

I'm looking more forward to hearing about what in-house, corporate trademark counsel think about the decision and how it will influence their trademark enforcement strategies. . . .

But, in the meantime, what no one seems to be talking about (yet) is how the Supreme Court's *B&B Hardware* decision might impact the lingering concerns surrounding [trademark bullying](#). (I haven't seen anyone talking about [Section 18 counterclaims](#) as a creative response strategy either, but we'll save that topic for another day).

Although trademark bullying concerns were not before the Supreme Court, it seems likely this decision scored a victory for those who might fall into the [category of trademark bullies](#). And, as you may recall, a couple of years ago, the Supreme Court didn't allow trademark bullying concerns to influence its interpretation of the laws in question there: [Supreme Court Upholds Nike's Promise to "Break the Wrist, and Walk Away"](#).

Indeed, as to the likely unintended victory scored in *B&B Hardware* — the [greater leverage to trademark opposers](#) — this reality [hasn't gone unnoticed](#):

“With the Supreme Court's ruling, companies that oppose another 's trademark in the TTAB and prevail on grounds of likelihood of confusion have a much greater chance of summarily running the table in a district court proceeding to enjoin the applicant's marketplace use of the trademark. The predicted result? Trademark opposers will have less of an incentive to amicably settle a trademark opposition and trademark applicants may have greater risk of losing the right to use their brand name in commerce.”

The unfortunate, but practical effect of the *B&B Hardware* decision is that trademark and brand owners who continue to value the *right to register* less than the *right to use* will now be more inclined to simply default at the TTAB and not litigate the likelihood of confusion issue at all, in order to avoid the possibility of preclusion, and to keep the onus on a trademark opposer to pursue infringement claims in federal district court if the opposer truly wants to challenge more than the applicant's *right to register*. At least for the time being, absent help from Congress, the days are over, of putting in a modest defense in at the TTAB that simply compels the trademark opposer to prove its claims.

While it is true that a brand owner could still put in a modest defense of the TTAB opposition and take a *de novo* appeal if it miscalculated on the amount and type of evidence needed to convince the TTAB coexistence on the Principal Register is proper, the problem with the paradigm shift is that it puts the burden on the applicant to treat the appeal of a registration decision like a bet-the-company-lawsuit, and even more importantly, the onus has now flipped to the applicant to turn the dispute into a federal district court action, something I don't believe Congress ever intended.

It seems reasonable to fear this will only embolden those who have a bloated view of their trademark rights. What do you think?

Tags: [B&B Hardware](#), [B&B Hardware v. Hargis Industries](#), [Likelihood of Confusion](#), [scotus](#), [SCOTUSblog](#), [Supreme Court](#), [Trademark Enforcement](#), [U.S. Supreme Court](#)

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[Winthrop & Weinstine, P.A.](#)

/
Suite 3500 / 225 South Sixth Street /
Minneapolis, MN 55402-4629

Telephone:
(612) 604-6400
/ Fax:
(612) 604-6800

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Likelihood of Preclusion: Fallout From the Supreme Court Ruling on Likely Confusion

By [Steve Baird](#) on May 11th, 2015

Posted in [Articles](#), [Infringement](#), [Law Suits](#), [Trademarks](#), [TTAB](#)

Move over likelihood of confusion, there is another sheriff in town, at least when it comes to looking for guidance on best practices and strategic considerations for a brand owner's clearance, registration, protection and enforcement of trademark rights in the United States.

As if us dedicated trademark types didn't already have enough likelihoods (confusion, dilution, success, jurisdiction) to consider, weigh and balance. Dabblers probably best step aside.

Now, thanks to the recent Supreme Court decision in [B&B Hardware, Inc. v. Hargis Industries, Inc.](#), we must factor in the *likelihood of preclusion* too, throughout the trademark life cycle.

After noting that "the idea of issue of preclusion is straightforward," but admitting it "is challenging to implement," the Court broadly held that "a court should give preclusive effect to *TTAB decisions* if the ordinary elements of issue preclusion are met." (emphasis added)

This broad holding begs the question of what other types of issues decided by the TTAB — beyond the likelihood of confusion question before the Court — may result in the application of issue preclusion. Priority? Inherent Distinctiveness? Genericness? Functionality? Descriptiveness? Acquired Distinctiveness? Fame? Dilution? Intent to Deceive? Bona Fide Intent to Use? Fraud? Intent to Deceive the USPTO? Intent to Resume Use? Abandonment? Laches? Deceptiveness for False Advertising? False Suggestion of Connection for Right of Publicity Violations?

As to the likelihood of confusion question (which the Court found to be fundamentally the same for registration and infringement purposes), the Court unclearly directed: "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." (emphasis added) As is typical when the Supreme Court speaks, more questions are raised than answered.

Does the Court contemplate anything other than the potential for unregistered common law rights and restricted channels of trade when it refers to "usages adjudicated by the TTAB"? What about applications and registrations for typed drawing marks versus stylized marks? What about the presence of house marks and/or famous trade dress on packaging, but not included in the drawing of the applied-for mark? What about goods listings that are appropriate under USPTO rules (e.g., jewelry), but broader than what might be in actual use to support the registration or application (e.g., lapel pins)? Does a cautious following of *B&B Hardware* counsel in favor of seeking to register narrower trademark claims that include only the stylized version of a mark used with the sleekest description of goods possible?

Exactly what does the Court mean by materially the same usages? Does it contemplate partial preclusion scenarios? Does the materially the same reference invoke the material alteration standard? Does it invoke the "can't materially differ" standard in trademark tacking cases? If so, under [Hana Financial](#), doesn't that question go to a jury? Yet, in *B&B Hardware* (argued to the Supreme Court on the very same day as *Hana Financial*), the Court wasn't troubled by the absence of juries in TTAB decisions.

Perhaps most notably, the word "should" appeared twenty-six times in the majority opinion of the Supreme Court's *B&B Hardware* decision, and the word "shall" only appeared five times (each of the five references related to specific statutory language), leaving me to ask, *must* a district court apply issue preclusion when the Supreme Court thinks it *should*, when the Court specifically avoided use of the words *shall* and *must*? In other words, is the decision of preclusion left to the sound discretion of the district court?

One of the other million dollar unanswered question remains: How does one predict the likelihood of preclusion?

For those looking for absolute certainty, don't clear and adopt a mark for use you can't federally register, don't apply to register a mark likely to be opposed unless you can win and you're prepared to see it though, don't start defending an opposition if you aren't prepared to see it through, but if you do and lose, by all means take a *de novo* appeal to federal district court if you're a losing opposer who may want to force the use to stop, or if you're a losing applicant who wants to keep using the applied-for mark.

For the rest of us who are comfortable living with some level of uncertainty, it's time to read the tea leaves with a view to predicting not only likelihood of confusion, but the likelihood of preclusion too.

Tags: [B&B Hardware](#), [B&B Hardware v. Hargis Industries](#), [Collateral Estoppel](#), [Issue Preclusion](#), [Likelihood of Confusion](#), [Likelihood of Dilution](#), [Likelihood of Jurisdiction](#), [Likelihood of Preclusion](#), [Likelihood of Success](#), [Preliminary Injunctions](#), [Supreme Court](#), [U.S. Supreme Court](#)

Suite 3500 / 225 South Sixth Street /
Minneapolis, MN 55402-4629

Telephone:

(612) 604-6400

/ Fax:

(612) 604-6800

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Collaborations in Creativity & the Law

(Subway) Eat Flesh, An Effective Parody?

By [Steve Baird](#) on September 15th, 2014

Posted in [Articles](#), [Branding](#), [Dilution](#), [Famous Marks](#), [Fashion](#), [First Amendment](#), [Guest Bloggers](#), [Infringement](#), [Law Suits](#), [Trademarks](#)



This past weekend one of my sons said, “Dad, I have a good blog topic for you.” After he explained, it was clear, yes, son you do! So, he sent me the photo to the left. It is one that he recently snapped at a place that sells Halloween costumes.

As an aside, I love it when family members, friends, colleagues, our wonderful guest bloggers, and you dear readers, send potential blog ideas and topics! So, please keep them coming!

Anyway, my son’s photo reminded me of a similar t-shirt and I now remember seeing it worn by some folks during the Minnesota State Fair a few weeks ago. Since I captured no photos at the time, I had forgotten about it until now. As it turns out, you can buy the shirt I saw online.

The [Etsy site where it is being sold](#) describes the above shirt to the right this way:

“This t-shirt reads Zombies Eat Flesh and is shaped like a very famous sub logo. This decal measures approximately 11 x 13 inches and is great for all you zombie lovers!”

So, I’m left wondering why hasn’t Subway jumped on this zombie with both boots? After all, we don’t only have a famous mark targeted by this *parody*, but a *very famous mark*, thanks Etsy.

And, Subway ought to have some free time on its hands now that the [FOOTLONG trademark debacle](#) is behind it, unless it is still working on [removing those millions of false TM notices](#).

Or, perhaps Subway just hasn’t gotten around to Etsy yet, as [another online seller has indicated](#) his Eat Fresh *parody* shirts are: “NO LONGER FOR SALE DUE TO THE MAN.”

I’m thinking that whoever created and is using the stylized ZOMBIES EAT FLESH trademark has zero chance of successfully registering it (no surprise, no application has been filed, to date), I just can’t see the USPTO allowing it, can you?

TTAB cases involving a discussion of parody — in the context of likelihood of confusion — include at least the following:

- *Research in Motion Ltd. v. Defining Presence Mktg. Grp., Inc.*, 102 USPQ2d 1187, 1192 (TTAB 2012) (sustaining oppositions to applications for the mark CRACKBERRY, for a variety of online computer services and clothing items, on the bases of a likelihood of confusion and likelihood of dilution by blurring with the mark BLACKBERRY, for handheld devices, including smartphones, and related goods and services, noting that “likelihood of confusion will usually trump any First Amendment concerns”);
- *Starbucks U.S. Brands, LLC v. Ruben*, 78 USPQ2d 1741 (TTAB 2006) (holding contemporaneous use of applicant’s mark, LESSBUCKS COFFEE, and opposer’s marks, STARBUCKS and STARBUCKS COFFEE, for identical goods and services, likely to cause confusion, noting that “parody is unavailing to applicant as an outright defense and, further, does not serve to distinguish the marks”); and
- *Columbia Pictures Indus., Inc. v. Miller*, 211 USPQ 816, 820 (TTAB 1981) (holding CLOTHES ENCOUNTERS for clothing, and CLOSE ENCOUNTERS OF THE THIRD KIND for t-shirts, likely to cause confusion, noting that the “right of the public to use words in the English language

in a humorous and parodic manner does not extend to use of such words as trademarks if such use conflicts with the prior use and/or registration of the substantially same mark by another”).

As if that isn't enough, couldn't you see this well-settled TTAB precedent being relied on by the USPTO during *ex parte* examination or by the TTAB during an *inter partes* proceeding?

- When present, the fame of a mark is “a dominant factor in the likelihood of confusion analysis . . . independent of the consideration of the relatedness of the goods.” *Recot*, 214 F.3d at 1328, 54 USPQ2d at 1898; *L'Oreal S.A. v. Marcon*, 102 USPQ2d 1434, 1438 (TTAB 2012) (noting that “a finding that a mark enjoys significant fame expands the scope of protection which might be accorded a lesser-known mark” and that “the fame of a registered or previously used mark can never support a junior party”); and
- If there is any doubt as to whether there is a likelihood of confusion, that doubt must be resolved in favor of the prior registrant. *See In re Shell Oil Co.*, 992 F.2d 1204, 1209, 26 USPQ2d 1687, 1691 (Fed. Cir. 1993); *In re Hyper Shoppes (Ohio), Inc.*, 837 F.2d 463, 464-65, 6 USPQ2d 1025, 1026 (Fed. Cir. 1988); *In re G.B.I. Tile & Stone, Inc.*, 92 USPQ2d 1366, 1372 (TTAB 2009).

But, if Subway were to actually bring a trademark infringement and/or trademark dilution action in federal district court, would that be a walk in the park with this zombie, or the cemetery?

I'm thinking that the federal district court takes a much closer look at the [parody defense](#) and pays more attention to First Amendment concerns. Do you agree that the zombie has a better than zero chance of successfully defending on parody grounds?

If so, doesn't this example help make the point, [again](#), about the [difference between the right to use and the right to register](#)? They aren't necessarily coextensive rights are they?

Shouldn't a federal district court who is asked to decide likelihood of confusion and likelihood of dilution — with injunctive relief, damages, and other monetary relief hanging in the balance (instead of [just the right to register](#)) — have the authority and obligation to consider these issues *fresh*, without having its hands tied by a earlier TTAB decision affirming a registration refusal or granting an opposition to register on likelihood of confusion grounds? There is simply more at the stake when the right to use is challenged and monetary relief is sought, it seems to me.

Moreover, I can't believe that the TTAB wants the pressure of having its decisions also determine liability for trademark infringement and trademark dilution claims in the federal district courts.

So, let's hope the U.S. Supreme Court gets it right and recognizes the difference between the right to register and the right to use, in the [upcoming B & B Hardware case](#)!

Please join me and the renown [Bill Barber](#) of the [Pirkey Barber firm](#) discuss these important issues at the [Midwest IP Institute in Minneapolis on Thursday](#).

Tags: [Bill Barber](#), [Blackberry](#), [Close Encounters of the Third Kind](#), [Clothes Encounters](#), [Crackberry](#), [Eat Flesh Parody](#), [Fame](#), [Lessbucks](#), [Midwest IP Institute](#), [Parody](#), [Pirkey Barber](#), [Starbucks](#), [Subway](#), [Trademark Registration](#), [Zombie Trademarks](#), [Zombies](#), [Zombies Eat Flesh](#)

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[Winthrop & Weinstine, P.A.](#)

/

Suite 3500 / 225 South Sixth Street /
Minneapolis, MN 55402-4629

Telephone:

(612) 604-6400

/ Fax:

(612) 604-6800

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[Dethroning a Right to Register a Trademark?](#)

By [Steve Baird](#) on July 14th, 2014

Posted in [Agreements](#), [Articles](#), [Branding](#), [Contracts](#), [Dilution](#), [Famous Marks](#), [Infringement](#), [Marketing](#), [Trademark Bullying](#), [Trademarks](#), [TTAB](#), [USPTO](#)

Last month, you will recall we wrote about the important difference between the right to register a trademark and the right to use a trademark, [here](#) and [here](#).

Despite the fact that in most cases, a “likelihood of confusion” test governs both determinations, the right to use and the right to register are not necessarily coextensive rights — defeating the right to register, in most cases, is easier than defeating the right to use.

So, just because a brand owner is denied the right to register doesn’t necessarily mean that actual infringement has occurred, injunctive relief is appropriate, or monetary relief is warranted.

Hat tip to our friends at [BlackCoffee](#) in Boston, for providing this entertaining image, and another storytelling opportunity on this topic of great importance:



The name and visual identity of this [portable restroom service provider](#) were obviously inspired by the likely famous [The Home Depot](#) brand, name and logo. The orange and black trade dress, the similar all capital lettering style, the square logo, and the three word name beginning and ending identically (with the word in the middle creating a rhyme and having an overall similar cadence and sound), leave little doubt about the source of inspiration here.

So, why has Home Depot not taken action or stopped this use? Well, it appears they did take some form of action back in 2008, but the terms of any settlement are not publicly available, and they are likely confidential, but if you have any insights, please do share.



Here’s what we do know, for sure.

[The Thone Depot, Inc.](#) of Arlington, Massachusetts, [filed on July 18, 2007](#), an application to federally-register this logo in connection with the “rental of portable toilets,” claiming a first use date of January 1, 2006.

We also know for sure that the application was examined by the USPTO and approved for publication, without any citation to Home Depot or its federally-

registered rights, and in fact, the Throne Depot logo [published for opposition on July 29, 2008](#).

It is also clear that The [Home Depot filed extensions of time to oppose](#) registration of the claimed logo, and then the registration application was [voluntarily abandoned by Throne Depot](#) on January 26, 2009.

The missing information, of course, is what terms might be contained in the apparent settlement between Throne Depot and Home Depot.

What we can reasonably surmise from abandonment of the application is that Throne Depot relinquished the right to register — as they have no pending trademark or service mark applications at the USPTO for any mark.

We can also surmise that The Home Depot did not extract a promise from Throne Depot to cease any and all use, and it seems unlikely a license arrangement exists, since there was no assignment of the application to The Home Depot.

If you're in the mood to speculate, any thoughts on what other restrictions Home Depot might have extracted from Throne Depot to resolve the dispute on terms that apparently contemplate the continued use by Thone Depot?

Would you have dethroned only the right to register if you were the sitting king of this trademark enforcement effort?

Might Home Depot have been concerned about what is now called "[trademark bullying](#)"?

How strong is the likelihood of confusion claim here, and does it improve knowing that Throne Depot [caters to the construction industry](#)?

What about dilution of a famous mark, perhaps a tarnishment theory, given the nature of the services being provided by The Throne Depot?

What about these mocking Vine [videos](#) linking the two brands?

Tags: [Home Depot](#), [Injunctions](#), [Likelihood of Confusion](#), [Throne Depot](#), [Trademark Registration](#)

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[Winthrop & Weinstine, P.A.](#)

/

Suite 3500 / 225 South Sixth Street /
Minneapolis, MN 55402-4629

Telephone:

(612) 604-6400

/ Fax:

(612) 604-6800

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Supreme Court holds that issues decided by the TTAB may be preclusive in Federal Court

March 25, 2015

By: [Uli Widmaier](#)

A. The Supreme Court's Holding

On March 24, 2015, the Supreme Court held for the first time that "a court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met." *B&B Hardware, Inc. v. Hargis Industries, Inc.*, No. 13-352, slip op. at 2.

In other words, "[s]o 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." *Id.*, slip op. at 22. The Supreme Court remanded the case for a determination whether the conditions for preclusion are met. *Id.*

B. The Reach of the Supreme Court's Opinion

In *B&B*, the issue to which preclusion may apply was likelihood of confusion. But the principle announced by the Supreme Court is not limited to likelihood of confusion. Given the wording and rationale of the Supreme Court's opinion, practitioners and trademark owners should expect *any* TTAB decision to have a preclusive effect if it meets the conditions for preclusion articulated by the Supreme Court. These conditions are discussed below.

That would include TTAB decisions on issues such as secondary meaning, inherent distinctiveness, genericness, abandonment, functionality, dilution, and others. Any TTAB decision on these and other issues will be preclusive if it meets the Supreme Court's conditions. Therefore, the potential reach of the Supreme Court's holding is broad and may have substantial implications for trademark owners.



PATTISHALL
McAULIFFE
NEWBURY
HILLIARD &
GERALDSON LLP • 200 South Wacker Drive, Suite 2900 • Chicago, IL 60606-5896 • T (312) 554-8000 • F (312) 554-8015 • www.pattishall.com

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C. Facts

B&B owns the mark SEALTIGHT for metal fasteners in the aerospace industry; Hargis owns the mark SEALTITE for metal fasteners in the construction trade. Slip op. at 6. B&B opposed Hargis's application to register SEALTITE and prevailed in the TTAB, which found a likelihood of confusion between the two marks. *Id.* at 6-7.

B&B also sued Hargis in federal district court for trademark infringement. After the TTAB had found in B&B's favor, B&B argued before the district court that the TTAB's decision precluded Hargis from further contesting the issue of likelihood of confusion. The court rejected B&B's argument, and the jury found in favor of Hargis on likelihood of confusion. B&B appealed to the Eighth Circuit, lost, and then prevailed before the Supreme Court.

D. Issue Preclusion

The Supreme Court explained issue preclusion as follows: "[w]hen 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." Slip op. at 9, *quoting* Restatement (Second) of Judgments, §27, p. 250 (1980). Importantly, "issue preclusion is not limited to those situations in which the same issue is before two courts." Slip op. at 9 (emphasis in original). Therefore, a decision by an administrative agency may also have issue preclusive effect. *Id.*

E. Conditions Under Which TTAB Decisions Are Preclusive

The Supreme Court rejected the view that TTAB decisions can *never* be preclusive. Slip op. at 2, 22. So when *are* TTAB decisions preclusive?

1. Conditions under the Restatement (Second) of Judgments

To be preclusive on an issue of fact or law, a TTAB decision must first meet the conditions set forth in the Restatement (Second) of Judgments, see slip op. at 9.

- The issue must be actually litigated before the TTAB;
- The issue must be determined by a valid and final judgment;
- The determination of the issue must be essential to the judgment.

2. Additional Restrictions

These conditions, however, are not sufficient for preclusion to apply. The Supreme Court imposed the following important restriction on the preclusive effect of TTAB decisions:

- "[I]f 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." Slip op. at 18, *quoting* 6 *McCarthy on Trademarks* §32:101, at 32-246 (quotation marks omitted).

The Supreme Court imposed this restriction because "the [TTAB] typically analyzes the marks, goods, and channels of trade only as set forth in the application and in the opposer's registration, regardless of whether the actual usage of the marks by either party differs." Slip op. at 17 (citation and quotation marks omitted). Therefore, the TTAB's decision may not "resolve the confusion issue with respect to non-disclosed usages." *Id.* (citation and quotation marks omitted).

The Supreme Court expects that due to this restriction, "for a great many registration decisions issue preclusion obviously will not apply." *Id.* at 14; see *also* concurrence of Justice Ginsburg (emphasizing the same point).

Further restrictions on preclusion include the following:

- The marks at issue before the TTAB must be the same as the marks at issue before the subsequent tribunal, or must have only "trivial variations." Slip op. at 18.
- TTAB decision is not preclusive if "a compelling showing of unfairness can be made." Slip op. at 20 (citation and quotation marks omitted). This restriction addresses concerns about the differences of TTAB's procedures as compared to the procedures in federal court (for instance, there are not live witnesses in TTAB proceedings). *Id.* at 19-20.

F. District Court Litigation Under 15 U.S.C. §1071(b)

15 U.S.C. §1071(b) permits any party who is "dissatisfied with the decision of the Director or Trademark Trial and Appeal Board" to re-litigate the issues before the TTAB in federal district court for a *de novo* review. Slip op. at 5. The Supreme Court stated that preclusion does not apply to Section 1071(b) actions. Slip op. at 13-14.

G. Open Questions and Strategic Considerations

The preclusive effect of TTAB determinations about likelihood of confusion depends crucially on the extent to which the TTAB considered the actual use of the parties' marks in the marketplace. If such use was not considered, the Supreme Court held, then the TTAB decision is not preclusive.

This holding would seem to permit the parties to a TTAB proceeding to control the extent to which the TTAB's decision may become preclusive. If the parties do not introduce evidence of the marks' use in the marketplace, the TTAB cannot consider such usage, and its decision will not be preclusive. On the other hand, the parties may be able to increase the likelihood that a TTAB decision will be preclusive by presenting substantial evidence of the marks' use in commerce.

But what happens if one party to a TTAB proceeding introduces marketplace evidence, but the other party does not? What if the marketplace evidence pertains only to one party's mark? For that matter, what if the applicant's mark is not yet in use in commerce because the application was filed on an intent-to-use basis?

The Supreme Court does not address these and similar questions. It sets forth a basic principle – TTAB decisions are capable of having preclusive effect if certain conditions are met – but it leaves many issues unresolved. An unintended consequence of the Supreme Court's opinion may be protracted litigation in the lower courts about the preclusive effect of TTAB decisions.

* * *

Uli Widmaier is a partner with [Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP](#), a [leading intellectual property law firm](#) based in Chicago, Illinois. Pattishall McAuliffe represents both plaintiffs and defendants in [trademark](#), [copyright](#), and [unfair competition trials and appeals](#). The firm advises its clients on a broad range of domestic and international intellectual property matters, including [brand protection](#), [Internet](#), and [e-commerce](#) issues. Uli's practice focuses on domestic and international [trademark](#), [copyright](#), [trade dress](#) and [Internet](#) law and litigation.