



## Supreme Court Decision Impacts Strategic Decision Making for Trademark Enforcement

On March 24, 2015, the U.S. Supreme Court held that, in some cases, decisions made by the Trademark Trial and Appeal Board (TTAB) of the U.S. Patent and Trademark Office can preclude courts from addressing the same issue decided by the TTAB. The case is *B&B Hardware, Inc. v. Hargis Industries, Inc.*, No. 13-352.

The TTAB is part of a federal government agency (the Patent and Trademark Office) and lacks the powers of full-fledged courts. Unlike a court, the TTAB cannot issue injunctions forcing parties to stop using a mark, nor can it award monetary damages. The TTAB decides only issues of entitlement to a trademark registration, including whether registration should be refused due to a likelihood of confusion with another mark.

The losing party in a TTAB case has the right to appeal the TTAB decision within 60 days either to a U.S. District Court, or to the U.S. Court of Appeals for the Federal Circuit. The Supreme Court in the *B&B Hardware* case held that if a TTAB decision is not timely appealed, the identical issues cannot be re-litigated before a court.

In reaching its decision, the Supreme Court rejected arguments based on the different criteria used by the TTAB and courts in deciding whether there is a likelihood of confusion between two marks, explaining that “the same likelihood-of-confusion standard applies to both registration and infringement,” and noting that the criteria used by courts are “not fundamentally different” than the criteria used by the TTAB. The Court also brushed aside arguments based on the Constitution and the federal trademark statute to the effect that a decision by a government agency like the TTAB could not bind a court. Justices Thomas and Scalia dissented from the majority decision of the Court, raising constitutional concerns with the idea that administrative agencies can bind courts and noting that the majority’s decision seems contrary to the intent of Congress when it enacted the federal trademark statute.

To understand how the Court's decision in the *B&B Hardware* case plays out in practical terms, consider the following example. Suppose the TTAB refuses registration of a mark due to likelihood of confusion with another mark, and the losing mark owner does not timely appeal. In the past, the losing mark owner might have viewed the TTAB decision as being of limited importance, since the TTAB deals only with registration and cannot impact its actual use of the mark. In light of the *B&B Hardware* decision, the winning party in the TTAB case could more readily use the TTAB decision finding confusion to argue that the issue had already been decided by the TTAB and should bind the court to a finding of confusion as well.

Importantly, using a TTAB decision to argue for "issue preclusion" before a court in this way would only apply to cases where both the marks and uses at issue in a court action are each "materially the same as" those that were at issue in a prior TTAB case. Preclusion would therefore not apply in subsequent court actions involving marks or uses that differ materially from those identified in the trademark application or registration reviewed previously by the TTAB. The evidentiary record before the TTAB thus becomes critical for a party seeking to assert claim preclusion in a court. Among other things, careful analysis of what evidence to include, and how to frame the issues, will take on greater importance going forward.

The *B&B Hardware* decision underscores the importance of careful strategic attention to the use of TTAB proceedings. TTAB proceedings are attractive because they typically are less expensive and were historically viewed as affecting only registration at the USPTO and not precluding subsequent infringement actions. Because it is now clear that a TTAB decision can bind a court in an infringement action, the decision to bring a TTAB proceeding could lower the cost of obtaining a finding of likelihood of confusion in appropriate cases. On the other hand, an adverse result could significantly impair a subsequent enforcement program.

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