

Under the Lanham Act, the owner of an existing trademark may oppose the registration of a new mark before the Trademark Trial and Appeal Board (“TTAB”) if the proposed new mark is likely to cause confusion with the existing mark. The Lanham Act also authorizes the owner of an existing mark to bring a civil action for trademark infringement in federal district court against any person who uses a mark that is likely to cause confusion with the owner’s older mark. The Supreme Court granted certiorari in *B&B Hardware Inc. v. Hargis Industries, Inc.*, No. 13-352, to resolve a disagreement among the federal courts of appeals as to whether the TTAB’s determination on the likelihood-of-confusion issue in a registration proceeding is preclusive of that issue in subsequent trademark-infringement litigation. Today, the Court held that “[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.”

Petitioner B&B Hardware registered the trademark SEALTIGHT for a fastener system. Some years later, Respondent Hargis Industries applied to register the mark SEALTITE for a different kind of fastener system. B&B initiated a proceeding in the TTAB opposing Hargis’s proposed mark. The TTAB sustained B&B’s opposition and refused to register Hargis’s mark, finding that there was a likelihood of confusion between the two marks. B&B also brought a trademark-infringement action against Hargis. The district court rejected B&B’s argument that it should give preclusive effect to the TTAB’s earlier likelihood-of-confusion determination. A jury then found that Hargis’s mark was not likely to cause confusion and returned a verdict against B&B. On appeal, the Eighth Circuit affirmed, holding that the TTAB’s likelihood-of-confusion findings did not address the same issues as the district court.

In an opinion by Justice Alito, the Supreme Court reversed. The Court first recognized that issue preclusion may be triggered by an agency’s—as opposed to a court’s—resolution of a dispute. Next, reasoning that “[i]ssue preclusion is available” with respect to an administrative structure “unless it is ‘evident’ ... that Congress does not want it,” the Court concluded that “nothing in the Lanham Act bars the application of issue preclusion” in this context. The Court also concluded that there was no “categorical reason why registration decisions” by the TTAB “can never meet the ordinary elements of issue preclusion,” as the controlling standard is essentially the same, and the same party bears the burden of proof in both proceedings.

But the Court included a significant caveat: In a challenge to a registration, the critical question is whether a mark “resembles a [pre-existing registered] mark” to the extent that it is “likely ... to cause confusion,” whereas infringement queries whether one “use[s] in commerce ... a registered mark” in a way that “is likely to cause confusion.” Thus, a TTAB proceeding may focus solely on the content of pre-existing federal registration and “not on any common-law rights in usages” outside the earlier registration. In these circumstances, claim preclusion will apply *if* “a mark owner uses its mark in ways that are materially the same as the usages included in its registration application.” By contrast, “if 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.” “[T]rivial variations,” the Court explained, are not “material.”

Application of this rule, accordingly, will turn on whether the owner of the pre-existing mark uses its mark only in ways that are “materially the same” as its registration. The lower courts will likely be called upon to supply more detailed standards to adjudicate this question. While the Court hinted that the controlling test may be whether any variation is “trivial,” its decision to leave for remand application of the “materially the same” standard to the facts of this case will provide litigants room for debate in future matters.

In concurrence, Justice Ginsburg focused on this last point. Emphasizing that “contested registrations are often decided upon ‘a comparison of the marks in the abstract and apart from their marketplace usage,’” she joined the majority opinion on the understanding that “for a great many registration decisions issue preclusion obviously will not apply.”

Justice Thomas dissented, joined by Justice Scalia. He rejected the majority’s presumption that it is Congress’s intent to give preclusive effect to administrative determinations and suggested that such a presumption should not apply “at least for statutes” that predate *Astoria Fed. Sav. & Loan Assn. v. Solimino*, 501 U.S. 104 (1991), which suggested the existence of the presumption. After concluding that the Lanham Act does not otherwise authorize preclusive effect for TTAB determinations,

the dissenters expressed concern that giving a TTAB determination preclusive effect in an infringement action could “deprive a trademark holder of the opportunity to have a core private right adjudicated in an Article III court.”

Any questions about the case should be directed to Paul W. Hughes (+1 202 263 3147) in our Washington office.