
Title: Issue Preclusion Prohibits a “Second Bite of the Apple” But Offers Opponent a Third Bite Instead.

By: K.C. Webb
1. INTRODUCTION

The establishment and protection of trademark rights involve two branches of federal government: the Legislative Branch and the Judicial Branch. Trademarks are registered through the United States Patent and Trademark Office (“USPTO”) which derives its powers from Article I of the Constitution.\(^1\) Registration allows trademark owners to enforce their rights by bringing an infringement lawsuit in federal courts\(^2\)—which derive their powers from Article III of the Constitution.\(^3\) In such lawsuits, courts apply a standard of likelihood of confusion.\(^4\) Specifically, courts look at whether a defendant’s use of the trademark is likely to cause confusion among consumers as to the source of either the plaintiff’s or the defendant’s goods.\(^5\)

However, parties are not limited to raising this issue only in front of Article III courts, but may challenge a registration or published application on the grounds of likelihood of confusion

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\(^1\) The USPTO is established as an agency of the United States, within the Department of Commerce, the head of which is appointed by the President by and with the advice and consent of the Senate. 35 U.S.C. § 1 (2012); 15 U.S.C. § 1503a (2012). The USPTO registers trademarks based on the commerce clause of the Constitution. U.S. CONST. art. I, § 8, cl. 3.


\(^3\) U.S. CONST. art. III.


\(^5\) “The issue is not whether the respective marks themselves, or the goods or services offered under the marks, are likely to be confused but, rather, whether there is a likelihood of confusion as to the source or sponsorship of the goods or services because of the marks used thereon.” TMEP 1207.01 (5th ed. 2007); see, e.g., Paula Payne Prods. Co. v. Johnson’s Publ’g Co., 473 F.2d 901, 902 (C.C.P.A. 1973) (“[T]he question is not whether people will confuse the marks, but rather whether the marks will confuse people into believing that the goods they identify emanate from the same source.”); In re Majestic Distilling Co., 315 F.3d 1311, 1316 (Fed. Cir. 2003) (“[T]he...mistaken belief that [a good] is manufactured or sponsored by the same entity [as another good] . . . is precisely the mistake that §2(d) of the Lanham Act seeks to prevent.”); In re Shell Oil Co., 992 F.2d 1204, 1207 (Fed. Cir. 1993) (“The degree of ‘relatedness’ must be viewed in the context of all the factors, in determining whether the services are sufficiently related that a reasonable consumer would be confused as to source or sponsorship.”); Hilson Research Inc. v. Soc’y for Human Res. Mgmt., 27 USPQ2d 1423, 1429 (TTAB 1993) (“Although confusion, mistake or deception about source or origin is the usual issue posed under Section 2(d), any confusion made likely by a junior user’s mark is cause for refusal; likelihood of confusion encompasses confusion of sponsorship, affiliation or connection.”).
by initiating an *inter partes* proceeding\(^6\) before the USPTO’s Trademark Trial and Appeal Board ("TTAB").\(^7\) Parties may even proceed simultaneously before both the TTAB and an Article III court. However, parties often prefer to have cases heard in an Article III Court because the TTAB is limited to deciding issues of registrability, whereas Article III courts are not limited in this way and have the power to award damages and grant injunctive relief.\(^8\) Accordingly, petitioners often request to have TTAB proceedings suspended pending the outcome of the related litigation.\(^9\)

That incentive aside, there are instances where the TTAB decides the issue of likelihood

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\(^6\) These include opposition, cancellation, interference, and concurrent use proceedings. TBMP § 102.02 (2015). “An opposition is a proceeding in which the plaintiff seeks to prevent the issuance of a registration, in whole or in part, of a mark on the Principal Register. . . . A cancellation proceeding is a proceeding in which the plaintiff seeks to cancel an existing registration, in whole or in part, of a trademark on the Principal Register or the Supplemental Register. . . . An interference is a proceeding in which the Board determines which, if any, of the owners of conflicting applications (or of one or more applications and one or more registrations which are in conflict), is entitled to registration. . . . A concurrent use proceeding is a proceeding in which the Board determines whether one or more applicants is entitled to a concurrent registration on the Principal Register, that is, a registration with conditions and limitations, fixed by the Board, as to the mode or place of use of the applicant’s mark or the goods and/or services on or in connection with which the mark is used (usually, a concurrent registration is restricted as to the territory which it covers).” *Id.*


\(^8\) Under 15 U.S.C. §§ 1067-1068 the TTAB may only decide whether a mark may attain or retain registration. It has no authority to determine issues of infringement of a mark. Nor may it issue injunctions against, or impose damages for infringement. See, e.g., Babson Bros. Co. v. Surge Power Corp., 39 USPQ2d 1953, 1954 (TTAB 1996) (“The [TTAB], however, is an administrative tribunal empowered only to determine the right to register or to maintain a registration; it is not authorized to determine the right to use . . . . Moreover, the Board cannot enjoin a party from using a mark, nor can it award monetary damages.”); Zimmerman v. National Association of Realtors, 70 USPQ2d 1425, 1437 (TTAB 2004) (“The [TTAB] does not issue injunctions, and [TTAB] decisions are restricted to the issue of registrability.”).

\(^9\) “Most commonly, a request to suspend pending the outcome of another proceeding seeks suspension because of a civil action pending between the parties in a federal district court. To the extent that a civil action in a federal district court involves issues in common with those in a proceeding before the Board, the decision of the federal district court is often binding upon the Board, while the decision of the Board may not be binding upon the court.” TBMP § 510.02(a) (2015).
of confusion before an Article III court rules on the matter. Federal courts have been split over how much deference—if any at all—should be given to such TTAB decisions. On March 24, 2015, the United States Supreme Court (“Supreme Court”) answered this question in B&B Hardware, Inc. v. Hargis Industries, Inc.

2. FACTS AND HOLDING

B&B Hardware is the most recent chapter in a long story that revolves around the two trademarks SEALTIGHT\textsuperscript{10} and SEALTITE.\textsuperscript{11} More than twenty years in the making, the history of this case includes numerous legal actions and proceedings which the Supreme Court accurately described as “labyrinthine.”\textsuperscript{12} In 1993, B&B Hardware, a company that manufactured metal fasteners for the aerospace industry, registered the trademark SEALTIGHT for “threaded or unthreaded metal fasteners and other related hardware; namely, self-sealing nuts, bolts, screws, rivets and washers, all having a captive o-ring, for use in the aerospace industry.”\textsuperscript{13}

Not long afterward, in 1996, Hargis attempted to register the mark SEALTITE for “self-piercing and self-drilling metal screws for use in the manufacture of metal and post-frame buildings.”\textsuperscript{14} B&B opposed registration of the mark after it published in 2002, on the grounds that SEALTITE was too confusingly similar to its own registered mark SEALTIGHT.\textsuperscript{15} The TTAB agreed with B&B and refused to register the mark.\textsuperscript{16} Despite having the opportunity to do so, Hargis did not request a de novo review of the TTAB decision by either the United States

\textsuperscript{10} SEALTIGHT, Registration No. 1,797,509.
\textsuperscript{11} SEALTITE, U.S. Trademark Application Serial No. 75,129,229 (filed June 2, 1996).
\textsuperscript{13} SEALTIGHT, Registration No. 1,797,509.
\textsuperscript{14} SEALTITE, U.S. Trademark Application Serial No. 75,129,229 (filed June 2, 1996).
\textsuperscript{15} Trademark Opposition Proceeding, No 91155687.
\textsuperscript{16} The TTAB applied various factors from In re E.I. DuPont DeNemours & Co., 476 F.2d 1357, 1361 (CCPA 1973).
Court of Appeals for the Federal Circuit or the federal district court.\textsuperscript{17}

In the meantime, back in the United States District Court for the Eastern District of Arkansas, B&B sued Hargis for trademark infringement.\textsuperscript{18} However, the TTAB’s decision denying registration issued \textit{before} the district court was able to rule on the issue of likelihood of confusion in the infringement lawsuit.\textsuperscript{19} B&B then argued in the district court that Hargis could not contest the likelihood of confusion because the TTAB decision had a preclusive effect.\textsuperscript{20} The district court disagreed reasoning that because the TTAB was not an Article III court there was no preclusive effect.\textsuperscript{21} Ultimately, the jury found in favor of Hargis and decided that there was no likelihood of confusion.\textsuperscript{22}

B&B appealed, and the United States Court of Appeals for the Eighth Circuit (”Eighth Circuit”) affirmed for three reasons.\textsuperscript{23} First, to determine likelihood of confusion, the TTAB used factors (the \textit{DuPont factors}\textsuperscript{24}) that were different from the factors used by courts in the Eighth

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\textsuperscript{17} \textit{B&B}, 135 S. Ct. at 1301-1302; \textit{see also} 15 U.S.C. \S\ 1071. In district court, the parties can conduct additional discovery and the judge resolves registration de novo. \S\ 1071(b); \textit{see also} 3 J. McCarthy, \textsc{Trademarks and Unfair Competition} \S\ 21:20 (4th Ed. 2014) (explaining differences between the forums); cf. \textit{Kappos v. Hyatt}, 132 S. Ct. 1690 (2012) (providing analogous scheme for de novo review in patent law).

\textsuperscript{18} B&B sued Hargis for trademark infringement in 2007. A number of proceedings ensued, which brought the matter before the Eastern District Court of Arkansas three times and the United States Eighth Circuit of Appeals twice.

\textsuperscript{19} \textit{B&B}, 135 S. Ct. at 1302.

\textsuperscript{20} \textit{Id}.

\textsuperscript{21} \textit{Id}.

\textsuperscript{22} \textit{Id}.


\textsuperscript{24} The TTAB uses 13 different factors derived from \textit{DuPont}, 476 F.2d at 1361. In this matter, the TTAB used only 6 of the 13. Specifically, the TTAB looked at (1) the fame of B&B’s \textsc{SEALTIGHT} mark; (2) the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation, and commercial impression; (3) the similarity or dissimilarity and nature of the goods; (4) the similarity or dissimilarity of established, likely-to-continue trade
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Circuit (the *SquirtCo* factors\(^{25}\)).\(^{26}\) Second, the TTAB placed too much emphasis on the appearance and sound of the marks.\(^{27}\) Third, Hargis bore the burden of persuasion before the TTAB, whereas B&B bore it before the district court.\(^{28}\)

The Supreme Court granted certiorari.\(^{29}\) Before the Supreme Court, B&B argued that issue preclusion applied because the standards used by both the TTAB and the courts in the Eighth Circuit were not significantly different.\(^{30}\) In other words, because the issue was already decided by the TTAB, Hargis should not get a second bite of the apple by having the issue decided again in a trademark infringement suit.\(^{31}\) Hargis argued just the opposite—that issue preclusion did not apply because the TTAB and the courts, with their respective standards, were naturally different because they were designed to serve two very different purposes.\(^{32}\) The Court held that TTAB decisions should be given a preclusive effect as long as the ordinary elements of

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\(^{25}\) The six-factor test from *SquirtCo v. Seven–Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980), is used by courts in the Eighth Circuit. *SquirtCo* lists the following as factors to consider in assessing the likelihood of confusion: (1) the strength of the owner's mark; (2) the similarity of the owner's mark and the alleged infringer's mark; (3) the degree to which the products compete with each other; (4) the alleged infringer's intent to “pass off” its goods as those of the trademark owner; (5) incidents of actual confusion; and (6) the type of product, its costs and conditions of purchase. *Id.*; *B&B Hardware*, 716 F.3d at 1025.

\(^{26}\) *B&B Hardware*, 716 F.3d at 1027.

\(^{27}\) Marks are compared along the axes of their “appearance, sound, connotation and commercial impression.” *DuPont*, 476 F.2d at 1361.

\(^{28}\) *Id.*


\(^{31}\) *Id.*

\(^{32}\) Hargis notably cited to the two different statutes governing the two entities in their respective pursuit to answer questions of likelihood of confusion. “For registration, the TTAB decides if the ‘resemblance’ between the marks - as set forth in the application and registration materials - is confusingly similar, 15 U.S.C. § 1052(d); for infringement, a jury decides if the marks' actual ‘use in commerce’ is confusingly similar, 15 U.S.C. § 1114(1)(a). It would therefore contravene the plain statutory text to conflate these two provisions and hold that they resolve the same issue.” Brief for Respondent at 2, *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S. Ct. 1293 (2015) (No. 13-352).
issue preclusion are met.\textsuperscript{33}

3. BACKGROUND

When the Eighth Circuit issued its decision, it joined a growing list of circuit courts split over the issue of what kind of preclusive effect—if any at all—does a TTAB decision have in a later trademark infringement lawsuit.\textsuperscript{34} The circuit courts were split four ways:\textsuperscript{35} (1) the Third Circuit\textsuperscript{36} and the Seventh Circuit \textsuperscript{37} “unambiguously accorded preclusive effect to TTAB decisions on likelihood of confusion;”\textsuperscript{38} (2) the Second Circuit applied collateral estoppel\textsuperscript{39} only when there was evidence that the TTAB compared the marks in their marketplace context;\textsuperscript{40} (3) the Fifth Circuit\textsuperscript{41} and the Eleventh Circuit\textsuperscript{42} refused to accord preclusive effect to TTAB decisions, but deferred to them absent evidence to the contrary; and (4) the Eighth Circuit did not

\textsuperscript{33} Justice Alito delivered the opinion of the Court, with Justice Ginsburg concurring, and Justices Thomas and Scalia dissenting.

\textsuperscript{34} See Levy v. Kosher Overseer Ass’n of Am., Inc., 104 F.3d 38, 42 (2d Cir. 1997) (TTAB’s decision is preclusive if the TTAB has heard evidence about the likelihood of confusion “in the entire marketplace context”); Jean Alexander Cosmetics, Inc. v. L’Oreal USA, Inc., 458 F.3d 244 (3d Cir. 2006) (applies issue preclusion); Miguel Torres, S.A. v. Cantine Mezzacorna, S.C.A.R.L., 108 F. App’x 816, 820 (4th Cir. 2004) (TTAB’s decision is not given preclusive effect, but it should be considered “powerful evidence” of likelihood of confusion); Am. Heritage Life Ins. Co. v. Heritage Life Insurance Co., 494 F.2d 3, 9-10 (5th Cir. 1974) (TTAB’s decision is not given preclusive effect, but affords the TTAB’s decision a heavy presumption of correctness); EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc., 746 F.2d 375 (7th Cir. 1984) (applies issue preclusion); B&B Hardware, 716 F.3d at 1026 (does not apply issue preclusion to TTAB’s decision on likelihood of confusion); Freedom Sav. & Loan Ass’n v. Way, 757 F.2d 1176, 1180 (11th Cir. 1985) (TTAB’s decision is not given preclusive effect, but affords the TTAB’s decision a heavy presumption of correctness).


\textsuperscript{36} Jean Alexander Cosmetics, 458 F.3d at 244.

\textsuperscript{37} EZ Loader, 746 F.2d at 375.


\textsuperscript{39} Issue preclusion also known as collateral estoppel. 47 AM. JUR. 2D Judgments § 464 (2015).

\textsuperscript{40} Jim Beam Brands Co. v. Beamish & Crawford Ltd., 937 F.2d 729 (2d Cir. 1991).

\textsuperscript{41} Am. Heritage, 494 F.2d at 3.

\textsuperscript{42} Freedom, 757 F.2d at 1176.
accord TTAB decisions preclusive effect or otherwise defer to them.\textsuperscript{43}

Some of the confusion in the circuit courts came from the Supreme Court’s treatment of issue preclusion in \textit{Astoria Federal Savings and Loan Association v. Solimino}, 501 U.S. 104 (1991). In that case, the Court held that judicially unreviewed findings of a state administrative agency with respect to an age discrimination claim had no preclusive effect on federal proceedings.\textsuperscript{44} However, in dictum, the Court stated: “The presumption here is thus properly accorded sway only upon legislative default, applying where Congress has failed expressly or impliedly to evince any intention on the issue.”\textsuperscript{45} Courts interpreting this decision grappled with the following questions, and ultimately came to different conclusions on them: First, can a TTAB decision ground issue preclusion based on the dictum in \textit{Astoria}? Second, when Congress passed the Lanham Act, did it expressly or impliedly evince any intention on the issue?

4. THE COURT’S DECISION

The Court’s opinion split seven to two along familiar lines of liberal and conservative. Justice Alito delivered the majority opinion, with a concurring opinion by Justice Ginsburg. Justice Thomas dissented and was joined by Justice Scalia.

A. The Majority Opinion

The majority found the following: (1) agency decisions may ground issue preclusion; (2) there was no “evident” reason why Congress would not want TTAB decisions to receive a

\textsuperscript{44} “We hold that such findings have no preclusive effect on federal proceedings.” \textit{Astoria Fed. Sav. and Loan Ass'n v. Solimino}, 501 U.S. 104, 106 (1991). In \textit{Astoria}, the plaintiff, alleging discrimination, was required to exhaust the administrative process before suing in court. \textit{Id.} at 111. The Court reasoned that because the complaint arose out of the same conduct as the claim filed with the administrative agency, any deference made to the administrative agency’s findings would have made the court proceedings “strictly pro forma.” \textit{Id.}
\textsuperscript{45} \textit{Astoria}, 501 U.S. at 110.
preclusive effect in cases in which the ordinary elements of issue preclusion are met;\(^{46}\) (3) and there was no categorical reason why registration decisions can never meet the ordinary elements of issue preclusion.\(^{47}\)

\textit{i. Agency decisions may ground issue preclusion.}

The Court first analyzed whether or not an administrative agency’s decision could ground issue preclusion, and more specifically, should the district court have applied issue preclusion to the TTAB decision in this case, rejecting outright the Eighth Circuit’s bright-line rule that issue preclusion \textit{never} applied in such cases.\(^{48}\) Answering in the affirmative, the Court relied on the Restatement (Second) of Judgments and two key cases: \textit{Astoria Federal Savings and Loan Association v. Solimino}\(^{49}\) and \textit{United States v. Utah Construction & Mining Company}.\(^{50}\) Using language from these sources, the Court reasoned that there was a “longstanding view” supported by “well established” common law principles that a finding by an administrative agency may ground issue preclusion.\(^{51}\)

Hargis argued that the Lanham Act should not be read to authorize issue preclusion based on the canon of constitutional avoidance, positing that such a reading would invite “grave and doubtful” questions of the Lanham Act’s consistency with the Seventh Amendment and Article

\(^{46}\) The elements of issue preclusion are set out in § 27 of the Restatement (Second) of Judgments:

When 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.

\textit{Restatement (Second) of Judgments} § 27 (1982).

\(^{47}\) \textit{B&B}, 135 S. Ct. at 1310.

\(^{48}\) \textit{Id.} at 1306.


\(^{51}\) \textit{B&B}, 135 S. Ct. at 1303.
The Court merely noted that no constitutional issues were at play in the present case, and that Hargis had not pled otherwise. The Court then went on to reject Hargis’ argument regarding potential constitutional concerns, citing previous decisions where issue preclusion stood when the decision made was by a juryless tribunal. The Court explained that, “the Seventh Amendment does not strip competent tribunals of the power to issue judgments with preclusive effect,” and any other finding would run contrary to the nature of a tribunal. The Court further explained that, as far as issue preclusion offending Article III, the Court has never addressed the matter, and, because it could rely on previous cases to support its reasoning, it was not bound to sidestep the matter via constitutional avoidance.

**ii. The Lanham Act does not bar issue preclusion.**

Next, the Court tackled the issue of whether there was anything in the Lanham Act barring issue preclusion. The Court rejected the argument that because the Act allows for de novo review of TTAB decisions, Congress must not have intended for unreviewed TTAB decisions to have a preclusive effect. Here, the Court distinguished *Astoria.* In *Astoria*, the claim before the administrative agency and the court arose out of the same conduct, whereas,

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53 *B&B*, 135 S. Ct. at 1304.

54 *Id.* (citing Parklane Hosiery Co. v. Shore, 439 U.S. 322, 337 (1979)).

55 *Id.*

56 *Id.* at 1305.

57 The Court relied again on *Astoria* and *Utah Construction.* *See id.*

58 *Id.*

59 *Id.*

60 *Id.*

61 *Id.; see also supra* note 44 and accompanying text.
here the registrability process before the TTAB and the infringement lawsuit before the court were “separate proceedings to decide separate rights.”62 Put another way, because trademark registration and infringement lawsuits are two separate proceedings which involve separate rights, a determination of likelihood of confusion by the TTAB would not render court proceedings “strictly pro forma.”63 This distinction meant that here, unlike in Astoria, issue preclusion was appropriate.

**iii. Registration decisions may meet the ordinary elements of issue preclusion.**

Last, the Court considered whether there was a categorical reason why registration decisions can never meet the ordinary elements of issue preclusion.64 Here, the Court overcame the Eighth Circuit’s primary objection that Article III courts and the TTAB use two different sets of factors when considering the issue of likelihood of confusion, finding instead that the standards used are actually the same.65 It reasoned that a single standard can be placed in different statutes, and the minor variations in language between the two sets of factors were not significant enough to show two different standards.66 A difference in the application of the standard—the courts using a concrete, actual use in the marketplace application, and the TTAB using an abstract, comparison of the marks application—was only a minor difference.67 The Court added that to find otherwise would “encourage the very evils that issue preclusion helps to prevent.”68 In other words, the Court rejected Hargis’ argument that the two standards used by

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62 B&B, 135 S. Ct. at 1305.
63 Id.; see also supra note 44 and accompanying text.
64 B&B, 135 S. Ct. at 1305.
65 Id. at 1305-06.
66 Id.
67 Id. at 1306.
68 Specifically, issue preclusion is meant to protect against “the expense and vexation attending multiple lawsuits,” while, “conserv[ing] judicial resources, and foster[ing] reliance on judicial
the TTAB and Article III courts must be significantly different because registrability and infringement are governed by two different statutes.

The Court then clarified the question as “whether the likelihood of confusion for purposes of registration is the same standard as likelihood of confusion for purposes of infringement,” and held that it was the same for three reasons. 69 First, the operative language was the same. 70 Second, the language provisions in the Lanham Act have been central to trademark registrations since 1881. 71 Third, district courts can cancel registrations during infringement litigation, just as they can adjudicate infringement on suits seeking judicial review of registration decisions, pointing out that there is no reason to think that a judge presiding over such a case would use two different standards of likelihood of confusion. 72

The Court then confronted the issue of whether there is a different standard used in TTAB proceedings versus infringement suits simply because of the nature of the proceedings. 73 It began by noting that a TTAB panel must look at the abstract nature of the mark, and a court must look at the concrete uses of the mark. 74 However, the Court found this reason was not

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69 B&B, 135 S. Ct. at 1306.
70 Id. at 1307, n.3 (comparing 15 U.S.C. § 1114(1) (“Any person who shall . . . use in commerce any . . . mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided” (emphasis added)) with § 1052(d) (“No trademark . . . shall be refused registration . . . unless it . . . [c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office . . . 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 . . . .” (emphasis added))).
71 Id. at 1307 (citing Act of Mar. 3, 1881, ch. 138, § 3, 21 Stat. 503 (using a “likely to cause confusion” standard for registration)).
73 Id.
74 Id. at 1307-08.
adequate to bar issue preclusion, stating that there was a difference between reasons not to apply issue preclusion in some—or even many—cases, and a valid reason for issue preclusion to never apply. The Court pointed to a hypothetical case, remarkably similar to the instant case, where the evidence considered by the TTAB and the court was materially the same.\textsuperscript{75} The Court then added that any differences between usages set out in an application and usages set out in an infringement suit would need to be materially different to escape having a preclusive effect, because just as trivial differences in marks do not create separate marks, trivial differences in usages do not create two different standards.\textsuperscript{76} To simplify, the Court found that the same test was used by courts and the TTAB to determine likelihood of confusion, and any material difference in how those two entities applied that test was already accounted for in the ordinary elements of issue preclusion.

The Court then considered Hargis’ argument that “registration is categorically incompatible with issue preclusion because the TTAB uses procedures that differ from those used by district courts.”\textsuperscript{77} The Court rejected this assertion, allowing that the TTAB and district courts use different procedures, but reasoning that this merely made out a case for when issue preclusion should not apply, rather than supporting a claim that it should never apply.\textsuperscript{78} The Court also reasoned that, for the most part, TTAB proceedings are “in large part exactly the same as in federal court.”\textsuperscript{79} Any difference in the procedures that would amount to “unfairness” would already be accounted for in the ordinary law of issue preclusion.\textsuperscript{80} The Court then noted that

\textsuperscript{75} Id. at 1308.
\textsuperscript{76} Id. (citing 4 McCarthy § 23:50, at 23–265 (explaining that “adding descriptive or non-distinctive” elements to another's mark generally will not negate confusion)).
\textsuperscript{77} Id. at 1309.
\textsuperscript{78} Id.
\textsuperscript{79} Id.
\textsuperscript{80} Id.
according to the TTAB Manual, B&B—the party opposing the registration—bore the burden in TTAB proceedings, just as it did in court, contrary to the findings of the Eighth Circuit. 81

Finally, the Court considered Hargis’ argument that “the stakes for registration are so much lower than for infringement that issue preclusion should never apply.” The Court found this argument unpersuasive because the benefits for registration are substantial. 82 The Court then cited these substantial benefits and importance of registration as supposedly the reason that Congress provided for de novo review of TTAB decisions.

B. The Concurring Opinion

The concurring opinion observed that for a great many registration decisions, issue preclusion will not apply. It reasoned that contested registrations are usually decided on their abstract qualities, rather than their concrete usage in the marketplace. 83 It concluded that when registration proceedings are of that nature, issue preclusion on the issue of likelihood of confusion should not apply in a later infringement suit. 84

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81 Id.
82 “Registration, for instance, serves as ‘constructive notice of the registrant's claim of ownership’ of the mark. 15 U.S.C. § 1072. It also is ‘prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate.’ § 1057(b). And once a mark has been registered for five years, it can become ‘incontestable.’ §§ 1065, 1115(b).” Id. at 1300.
83 Id. at 1310.
84 Id. Although the concurring opinion did not go into greater detail in its reasoning, it did cite to McCarthy on Trademarks. Id. (citing 6 McCarthy § 32:101, p. 32–247). The relevant passage in McCarthy indicates that the evidentiary basis used by the TTAB can be significantly different from that used by an Article III court in determining the same issue of likelihood of confusion. 6 McCarthy § 32:101, n.4. Because the TTAB answers the question of likelihood of confusion in the context of comparing the abstract marks, whereas an Article III court answers the same question in the context of actual use in the marketplace to determine trademark infringement, different evidentiary standards are naturally used. McCarthy, Section 32:101. However, in instances where the TTAB has considered and compared the marks in their “entire marketplace context, the factual basis for the likelihood of confusion is the same, the issues are the same, and collateral estoppel is appropriate.” McCarthy, Section 32:101, n.6.
C. The Dissent

The dissenting opinion focused largely on the first issue addressed by the majority, namely “should an administrative decision ground issue preclusion.” The dissent gave two points of disagreement: (1) the common law does not support a general presumption of administrative preclusion for statutes passed before Astoria, and (2) there is nothing in the Lanham Act to provide support for such a conclusion.85

The dissent argued that the presumption found in Astoria, on which the majority opinion relied, should not be followed here because, first, presumptions should not be based solely on dictum, and second, the dictum did not sufficiently support the conclusion drawn by the majority.86 The dissent elaborated by explaining that the court in Astoria relied on only one decision that predated the enactment of the statute creating the agency at issue in that case.87 That decision, Utah Construction, stated that when an administrative agency is acting in a judicial capacity and resolves disputes of fact, and the parties have had an adequate opportunity to litigate, “the courts have not hesitated to apply res judicata to enforce repose.”88 However, as the dissent noted, that decision also stated that, “courts have used language to the effect that res

85 B&B, 135 S. Ct. at 1310.
86 Id. at 1311.
87 Id.
88 “When an administrative agency is acting in a judicial capacity and resolved disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate, the courts have not hesitated to apply res judicata to enforce repose.” Utah Construction, 384 U.S. at 422 (citing Sunshine Anthracite Coal Co. v. Adkins, 310 U.S. 381; Hanover Bank v. United States, 285 F.2d 455; Fairmont Aluminum Co. v. Commissioner of Internal Revenue, 4 Cir., 222 F.2d 622; Seatrain Lines, Inc. v. Pennsylvania R. Co., 3 Cir., 207 F.2d 255; Commissioner of Internal Revenue v. Sunnen, 333 U.S. 591; United States v. International Building Co., 345 U.S. 502 (clearly contemplated the application of principles of res judicata to administrative findings, although for other reasons in those cases, res judicata was not applied)); see also Goldstein v. Doft, D.C., 236 F.Supp. 730, aff'd 2 Cir. 353 F.2d 484, cert. denied, 383 U.S. 960 (applying collateral estoppel to prevent relitigation of factual disputes resolved by an arbitrator).
judicata principles do not apply to administrative proceedings.\textsuperscript{89} The dissent took these two seemingly conflicting passages out of their context to support its own assertion that the principles in \textit{Utah Construction} were too equivocal to be “long-established and familiar” principles of common law on which the Court could base a statutory inference.\textsuperscript{90} However, the dissent did not directly confront the otherwise negative treatment of its assertion implied by those cited passages when read in context:

Occasionally courts have used language to the effect that res judicata principles do not apply to administrative proceedings, \textit{but such language is certainly too broad}. When an administrative agency is acting in a judicial capacity and resolved disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate, the courts have not hesitated to apply res judicata to enforce repose.\textsuperscript{91}

Specifically, the dissent did not address the \textit{Utah Construction} Court’s statement that “such language is certainly too broad.”\textsuperscript{92}

The dissent went on to explore the history of issue preclusion as an unsettled area of law with regard to what role administrative agencies play. It noted that, at common law, principles of res judicata and collateral estoppel applied only to decisions from a “court of competent jurisdiction” and only by overbroadening this definition and taking an extra leap can administrative agencies fall into this category.\textsuperscript{93} It elaborated, stating the broad definition which included “courts of law, courts of equity, admiralty courts, and foreign courts could all satisfy the requirements of a court of competent jurisdiction,” served the interest of providing a preclusive

\textsuperscript{89} \textit{B&B}, 135 S. Ct. at 1312 citing \textit{Utah Construction}, 384 U.S. at 421 (1966); \textit{see also} Pearson v. Williams, 202 U.S. 281 (1906); Churchill Tabernacle v. FCC, 160 F.2d 244 (1947).

\textsuperscript{90} \textit{B&B}, 135 S. Ct. at 1312.

\textsuperscript{91} \textit{Utah Construction}, 384 U.S. at 421-22 (emphasis added).

\textsuperscript{92} \textit{See id.; B&B}, 135 S. Ct. at 1312.

\textsuperscript{93} \textit{B&B}, 135 S. Ct. at 1312.
effect without which litigation would never end.\textsuperscript{94} However, it went on, administrative agencies are categorically different from courts as constitutionally defined in Article III Section I.\textsuperscript{95} Therefore, the dissent concluded, administrative agencies suffer from a limited ability to act in a judicial capacity and resolve disputes between private parties.\textsuperscript{96}

The dissent then went on to state that, even if dictum from \textit{Utah Construction} were sufficient to establish at common law a presumption of preclusion, it would not warrant applying \textit{Astoria}'s presumption to the Lanham Act because the Lanham Act was passed in 1946—20 years before the Court’s decision in \textit{Utah Construction}.\textsuperscript{97} Furthermore, it went on, there was nothing in the Lanham Act itself to indicate that Congress intended for issue preclusion to apply.\textsuperscript{98} First, the language of the act gives only limited authority to the TTAB, and second, the act provides for de novo review of TTAB findings.\textsuperscript{99} When the Act was passed it required a higher standard of review than the companion Administrative Procedures Act which only required a substantial-evidence review.\textsuperscript{100} The dissent concluded that this higher standard of review indicated that Congress did not intend to give TTAB decisions a preclusive effect.\textsuperscript{101}

Finally, the dissent pointed out the serious constitutional concerns raised by the majority opinion. First, because federal administrative agencies fall under the Executive Branch of government, it is not clear that they have power to adjudicate claims involving core private rights—especially when there is historical evidence that the right in question is one reserved to

\textsuperscript{94} \textit{Id.}
\textsuperscript{95} \textit{Id.}
\textsuperscript{96} \textit{Id.}
\textsuperscript{97} \textit{Id.} at 1313.
\textsuperscript{98} \textit{Id.}
\textsuperscript{99} \textit{Id.}
\textsuperscript{100} \textit{Id.}
\textsuperscript{101} \textit{Id.} at 1313-1315.
Article III courts—unless there is consent by the parties to adjudicate in another forum.102 Furthermore, the dissent went on, to the extent that administrative agencies could function as courts, they may only be able to do so with respect to claims of public or quasi-private rights, and the historical treatment of administrative preclusion supports this.103 The dissent pointed out that the rights conferred by a trademark registration fall within the domain of quasi-private rights and are therefore within the purview of the TTAB.104 Whereas, the right to adopt and use a trademark exclusively (the violation of which constitutes infringement) is a private property right which should only be heard in an Article III court.105

The dissent concluded by stating that issue preclusion would raise two constitutional concerns: First, it could deprive a trademark holder of the opportunity to have a private right adjudicated by an Article III court.106 Second, it may effect a transfer of a core attribute of judicial power to an executive agency.107

5. ANALYSIS

The concurring opinion points out that issue preclusion will likely only apply in a select few cases.108 As true as this was at the time the opinion published, the effect of the opinion may likely lead to the opposite result. Because the instant decision heightens the stakes on *inter partes* proceedings, it is not unlikely that, as a result, the battles fought before the TTAB will grow more numerous and become even more zealously fought. Accordingly, parties may begin

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102 *Id.* at 1316. The dissent does not discuss whether the USPTO specifically falls under the Executive Branch, or if it is considered an Article I entity. *See supra* notes 1-5 and accompanying text. Even so, the premise made by the dissent remains: non-Article III entities may not have the power to adjudicate certain matters.

103 *Id.* at 1317.

104 *Id.*

105 *Id.* at 1317.

106 *Id.* at 1317-1318.

107 Trademark Opposition Proceeding, No 91155687.

108 *B&B*, 135 S. Ct. at 1310.
submitting a greater volume of evidence regarding marketplace usage, in an effort to argue all of the *DuPont* factors, thus creating more cases where the evidence before the TTAB would be identical or materially the same as evidence available to an Article III court in a related infringement lawsuit. Although the instant decision may create a scramble among federal district courts to interpret and explore what constitutes a “material difference” in the evidence,\(^\text{109}\) there is also potential for the number of cases where issue preclusion would apply to increase beyond the scant few cases anticipated by the concurring opinion to a much larger number. If that prediction proves accurate, it would mean that the instant decision has placed a great deal of policy setting power in the hands of the TTAB which will have a much greater say in what kinds of marks are confusingly similar to consumers.

Even so, many of the concerns generated by this decision revolve around one issue: Who is in a better position to decide issues of likelihood of confusion, a trademark examiner or a judge and jury? This Note proposes that while TTAB examiners necessarily possess a highly specialized skillset, a jury, not so burdened, may be in a better position to give appropriate weight to critical factors and determine the similarity of the marks. Therefore, a jury determination of the issue of likelihood of confusion is not easily synthesized by other system participants (*i.e.* the TTAB or a judge) and should not be denied to parties seeking this valuable input.

**A. The Weight of the Factors**

One of arguments that Hargis made—and the Eighth Circuit agreed with—was that the TTAB decision focused too heavily on the appearance and sound of the marks.\(^\text{110}\) During opposition proceedings for SEALTITE, the TTAB considered the market usage of the goods, but

\(^{109}\) *Id.* at 1308.

\(^{110}\) *See supra* note 27 and accompanying text.
gave critical weight to the similarity of the marks and of the goods.\textsuperscript{111} As the Eighth Circuit noted, the evidence of marketplace usage was the critical factor in determining trademark infringement.\textsuperscript{112} The majority opinion states that any difference in the application of the test to determine likelihood of confusion is not necessarily a material difference.\textsuperscript{113} However, an examination of the TTAB’s decision in the instant case does not overwhelmingly support this supposition. DuPont includes a number of factors for assessing marketplace usage,\textsuperscript{114} and yet the TTAB relied heavily on the similarity of the marks (which is not a factor tied to marketplace usage).\textsuperscript{115} The Court’s assertion that this is an immaterial difference in how the test is applied is further eroded by the fact that prior to this decision, the majority of the circuits disagreed with that view, offering no preclusive effect to prior TTAB decisions.\textsuperscript{116}

The reason the TTAB gave greater weight to the similarity of the marks may also depend on the type of evidence of marketplace usage submitted in this case, and similarly in other cases. Because inter partes proceedings focus on appearance rather than marketplace confusion, there is often no valid reason to submit evidence of marketplace usage.\textsuperscript{117} However, as mentioned

\textsuperscript{111} Trademark Opposition Proceeding, No 91155687.
\textsuperscript{113} “Just because the TTAB does not always consider the \textit{same usages} as a district court does, it does not follow that the Board applies a \textit{different standard} to the usages it does consider.” B&B, 135 S. Ct. at 1308. “The parties dispute whether and how often the TTAB considers usages beyond those listed in the application and registration. We do not resolve that dispute here. Suffice it to say that when the TTAB adjudicates a usage \textit{within its authority}, that adjudication can ground issue preclusion.” Id. at 1308 n.4.
\textsuperscript{114} For example: the similarity and nature of goods or services in connection with use of the senior mark; the trade channels; the conditions related to purchase; the fame of the senior mark based on sales, advertising, and length of use; the similar marks in use on similar goods; actual confusion; concurrent use; the variety of goods on which a mark is used; and other facts probative of the effect of use. See DuPont, 476 F.2d at 1361.
\textsuperscript{115} Trademark Opposition Proceeding, No 91155687.
\textsuperscript{116} See supra notes 34-43 and accompanying text.
\textsuperscript{117} See supra notes 109-115 and accompanying text.
earlier, in light of this decision, it is possible, if not likely, that the TTAB will begin seeing more evidence focused on marketplace usage. Accordingly, TTAB examiners may be pressed to begin weighing this evidence more heavily.

B. The Similarity of the Marks

That is not to say that cases which pivot on appearance or sound are necessarily best decided by the TTAB. Rather, even cases that pivot on the similarity of the marks would still benefit from a de novo review by a jury and the litigating parties should not be denied that benefit. In order to provide the following argument with some context, it is beneficial to begin with some background information to become familiar with the TTAB, its members, and their qualifications.

The Administrative Trademark Judges comprising the TTAB were appointed by the United States Secretary of Commerce in consultation with the Director of the USPTO. The twenty-three judges sitting on the TTAB in 2014, had extensive experience in trademark law as examiners, TTAB interlocutory attorneys, and private practitioners. The job description for applicants at the time the instant decision was issued demanded that an applicant possess “significant, specialized experience at a level close to the work of this job that has given [the applicant] the particular knowledge, skills, and abilities required to successfully perform.” The posting further explained that this kind of experience is typically found in “work within the

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118 15 U.S.C. § 1067. However, due to a statutory change, from 1999 until 2009, these positions were appointed by the Director of the USPTO. The 2008 amendment to this statute gave the Secretary of Commerce the power to retroactively appoint the judges already named by the Director. This is notable because of the 23 judges comprising the TTAB in October 2014, nine were appointed during this 1999-2009 period. See John L. Welch, T Cheryl S. Goodman Appointed as TTAB Judge, THE TTABLOG, KEEPING TABS ON THE TTAB, (Oct. 20, 2014), http://thettablog.blogspot.com/2014/10/cheryl-s-goodman-appointed-as-ttab-judge.html.

119 See id.

[t]rademark field or general [intellectual property] field with a significant [t]rademark component and acquired over an extended period in the private practice of [intellectual property] law, in [intellectual property] related government positions, or similar legal work.”

Such a recruitment strategy should certainly keep the homogeny of the TTAB intact. This kind of background experience, coupled with the narrowness of the issues before the TTAB, would produce a highly specialized skill set. With this kind of specialization, the TTAB at first glance seems particularly suited to determine issues like likelihood of confusion.

However, the law already recognizes that there are some issues a jury is best suited to determine. This Note proposes that issues involving the similarity of the marks fall into that category. The determination of the likelihood of confusion is essentially a determination of

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121 See id.
122 However, the TTAB affirms Section 2(d) refusals at a rate of 90%. John L. Welch, What is the Likelihood That the TTAB Will Affirm a Section 2(d) Refusal? 90%, THE TTABLOG, KEEPING TABS ON THE TTAB, (Apr. 24, 2013), http://thettablog.blogspot.com/2013/04/what-is-likelihood-that-ttab-will.html. Therefore, there is a very high probability that the issue of likelihood of confusion will not be decided by a three-judge tribunal, but by one examining attorney. The job description for this position is currently unavailable.
123 Miller v. Fenton, 474 U.S. 104, 114 (1985) (“The fact/law distinction . . . at times has turned on a determination that, as a matter of the sound administration of justice, one judicial actor is in a better position than another to decide the issue in question.”).
124 This argument applies primarily where district courts view likelihood of confusion as a matter of fact to be determined by the factfinder. See 3A CALLMANN ON UNFAIR COMP., TR. & MONO. § 21:4 (4th Ed.):
Second Circuit: Cf. Estee Lauder, Inc. v. Airs Int'l, Inc., 37 U.S.P.Q.2d (BNA) 1607, 1995 WL 699771 (S.D.N.Y. 1995) (denying summary judgment because there are questions regarding likelihood of confusion are factual in nature): “While the ultimate weighing of the various . . . factors may be resolved as a matter of law, resolution with respect to each separate factor is a question of fact.”
how close two marks can be without confusing the consumer. An “inquiry, [which] involves a

Fourth Circuit: Anheuser-Busch, Inc. v. L. & L. Wings, Inc., 962 F.2d 316, 22 U.S.P.Q.2d (BNA) 1502, 1504, 22 Fed. R. Serv. 3d 575 (4th Cir. 1992) (with a dissent on this point) (reversing judgment N.O.V., and reinstating jury verdict on issue of likelihood of confusion): “This pivotal trademark issue is particularly amenable to resolution by a jury for two reasons. First, the jury, which represents a cross-section of consumers, is well-suited to evaluating whether an ‘ordinary consumer’ would likely be confused. Second, the likelihood of consumer confusion is an ‘inherently factual’ issue that depends on the unique facts and circumstances of each case.” But cf. the dissent: “I doubt that the likelihood-of-confusion determination is any more ‘amenable to resolution by a jury,’ as the court suggests, than other questions of fact. It may be less so. Some courts of appeals have concluded that this determination is a legal one.” 22 U.S.P.Q.2d at 1508 n.1.


Where the goods are identical, "the degree of similarity [between the marks] necessary to support a conclusion of likely confusion declines." Century 21 Real Estate Corp. v. Century Life of America, 970 F.2d 874, 877 (Fed. Cir. 1992); see also TMEP 1207.01(b); Sealed Air Corp. v. Scott Paper Co., 190 USPQ 106, 108 (TTAB 1975) (evaluating the similarities between marks: the emphasis must be on the recollection of the average purchaser who normally retains a general, rather than specific, impression of trademarks). “The commercial impression that a mark conveys must be viewed through the eyes of a consumer.” Hana Fin., Inc. v. Hana Bank, 135 S. Ct. 907, 910-11 (2015) (quoting DuoProSS Meditech Corp. v. Inviro Medical Devices, Ltd., 695
factual judgment about whether two marks give the same impression to consumers... is not one of those things that judges often do better than jurors.” ¹²⁶

One reason that juries are better suited for this job is that, even assuming that the usages, and evidence thereof, are materially the same,¹²⁷ the lens through which these things are seen and interpreted by the TTAB and by a jury are fundamentally different. As Hargis pointed out in its arguments to the Court, the TTAB looks at uses and evidence in an abstract way.¹²⁸ In *inter partes* proceedings, the TTAB defines an opposer’s rights as broadly as the mark and goods listed on the registration—even if his use is narrower.¹²⁹ When focusing on the rights codified by the registration, “[t]he construction of written instruments is one of those things that judges often do and are likely to do better than jurors unburdened by training in exegesis.”¹³⁰ Judges and juries often apply the same legal standard differently, as indicated by the extensive body of law

¹²⁶ *Hana*, 135 S. Ct. at 912.
¹²⁷ “If a mark owner uses its mark in materially the same ways as the usages included in its registration application, then the TTAB is deciding the same likelihood-of-confusion issue as a district court in infringement litigation.” *B&B*, 135 S. Ct. at 1298. “[A]lthough ‘[t]he scope of discovery in Board proceedings.... is generally narrower than in court proceedings’—reflecting the fact that there are often fewer usages at issue—the TTAB has adopted almost the whole of Federal Rule of Civil Procedure 26. TTAB Manual § 402.01; see also id., § 401. It is conceivable, of course, that the TTAB's procedures may prove ill-suited for a particular issue in a particular case, e.g., a party may have tried to introduce material evidence but was prevented by the TTAB from doing so, or the TTAB's bar on live testimony may materially prejudice a party's ability to present its case. The ordinary law of issue preclusion, however, already accounts for those ‘rare’ cases where a ‘compelling showing of unfairness’ can be made. Restatement (Second) of Judgments § 28, Comments g and j, at 283–284.” *Id.* at 1309.
¹²⁸ *B&B*, 135 S. Ct. at 1307.
¹²⁹ *SquirtCo v. Tomy Corp.*, 697 F.2d 1038, 1042-43 (Fed. Cir. 1983).
regarding jury instructions.\textsuperscript{131} The same could be said of highly trained and especially skilled TTAB judges whose focus is on construction of the rights associated with a trademark registration.

Therefore, even in cases that turn on the similarity of marks to determine the likelihood of confusion, where the inquiry involves a factual judgment about whether two marks give the same impression to consumers, a jury—unburdened by training in exegesis—is in the best position to determine the issue, and should not be precluded from doing so.

\textbf{6. CONCLUSION}

The Court’s decision to allow for TTAB decisions on matters of registrability to have a preclusive effect on later infringement proceedings before Article III courts has increased the imperative that parties secure a favorable outcome from \textit{inter partes} proceedings. However, in seeking to discourage “the very evils that issue preclusion was designed to prevent,”\textsuperscript{132} the Court has placed policy setting power in the hands of the TTAB, whose performance in applying the standard of likelihood of confusion in the instant case was lacking. The TTAB gave more weight to factors that were of more importance to determining registrability (the similarity of the marks) and gave less consideration to factors that were critical to the determination of infringement (market usage).\textsuperscript{133} The proper weighing of these factors—at least in the infringement lawsuit—was a matter best left for a jury.\textsuperscript{134} Even so, matters pertaining to the similarity of the marks are arguably best left for jury determination as well.\textsuperscript{135}

\textsuperscript{131} \textit{Hana}, 135 S. Ct. at 911-12 (stating that “insofar as petitioner is concerned that a jury may improperly apply the relevant legal standard, the solution is to craft careful jury instructions that make that standard clear”).

\textsuperscript{132} \textit{See supra} note 68 and accompanying text.

\textsuperscript{133} \textit{See supra} notes 109-117 and accompanying text.

\textsuperscript{134} \textit{See id.}

\textsuperscript{135} \textit{See supra} notes 118-131 and accompanying text.
Instead the Court found that because the TTAB had already determined the issue of likelihood of confusion, Hargis should not get a second bite of the apple. In effect, B&B—*who had already lost before a jury and on appeal*\(^\text{136}\)—got yet another bite.

\(^{136}\) *See supra* notes 22-28 and accompanying text.