

# Supreme Court Told That TTAB Preclusion Raises Constitutional Concerns

**November 13, 2014**

As reported in our [September 23 Client Alert](#), the Supreme Court is set to hear argument on December 2 on the issue of whether likelihood of confusion findings by the Trademark Trial and Appeal Board (TTAB) are entitled to preclusive effect in federal court and, if not, what level of deference, if any, such determinations should be accorded.

The petitioner, B&B Hardware, took the position in its merits brief that there is no substantive difference between likelihood of confusion for registration purposes and likelihood of confusion for infringement purposes and that, as a result, the TTAB's confusion rulings should be given preclusive effect.

Respondent, Hargis Industries, Inc., shot back in its merits brief, warning that a ruling that TTAB likelihood of confusion determinations later preclude a federal court from weighing the same issue would "raise serious constitutional questions."

Specifically, Hargis argued that administrative decisions are only binding on Article III courts to the extent expressly provided by Congress, and it identified three aspects of the Lanham Act that it claims demonstrate Congress did not intend TTAB decisions to have such an effect:

1. Administrative trademark registration proceedings serve different purposes and decide different rights than trademark infringement litigation.
2. The Lanham Act distinguishes the scope of agency authority (*registration* of a mark) from the scope of judicial authority (*use* of a mark). According to Hargis, if likelihood of confusion determinations at the registration stage were entitled to preclusive effect, many infringement actions would be perfunctory because likelihood of confusion would be taken off the table.
3. The Lanham Act allows for de novo review by district courts of TTAB registration decisions, indicating that TTAB decisions are not meant to bind Article III courts.

Hargis further asserted that the likelihood of confusion questions decided by the TTAB and by federal courts are meaningfully different, the former looking only at the resemblance of the marks, whereas the latter analyzes the actual use of the marks in commerce. Accordingly, the very purpose of res judicata and collateral estoppel – to "enforce repose" – would not be served by affording preclusive effect to TTAB decisions. In fact, Hargis warned, such a ruling would have the perverse effect of encouraging parties to file suit seeking reconsideration of registration determinations, thereby increasing the burden on Article III courts.

In addition, Hargis maintained that if TTAB decisions are given preclusive effect, parties may be deprived of their right to a jury trial, which runs afoul of not only the Seventh Amendment, but also Article III's limits on the degree to which administrative agencies may displace the adjudicative role of courts.

Finally, Hargis encouraged the Court, in the event it were to decide that some form of preclusion was appropriate, to go no further than allowing for the possibility that the findings of fact underlying a TTAB likelihood of confusion determination might have some preclusive effect.

One week after Hargis filed its merits brief, the Solicitor General moved for leave to participate in oral argument as amicus curiae. The Government had previously filed an amicus brief in support of granting certiorari and, subsequently, an amicus brief in support of B&B Hardware.

Proskauer's False Advertising & Trademark attorneys will continue to monitor this case and will continue to update our clients. The case is *B&B Hardware, Inc. v. Hargis Industries, Inc.*, No. 13-352. Previous coverage includes:

- September 23, 2014: [Amici Weigh in With SCOTUS on Likelihood of Confusion Determinations by the Trademark Trial and Appeal Board](#)
- July 2, 2014: [U.S. Supreme Court Will Decide What Preclusive Effect, If Any, Should Be Given to Likelihood of Confusion Findings by the Trademark Trial and Appeal Board](#)
- May 29, 2014: [Solicitor General Supports Cert in Case on Preclusive Effect of TTAB Likelihood of Confusion Findings](#)

February 28, 2014: [Petition for Certiorari Filed Regarding Preclusive Effect of Likelihood of Confusion Findings by the Trademark Trial and Appeal Board;](#)  
[Supreme Court Invites Solicitor General to Submit Views](#)