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SCOTUS to decide if lynchpin of trademark infringement cases can be decided by USPTO

The U.S. Supreme Court is set to hear oral arguments in *B&B Hardware, Inc. v. Hargis Industries, Inc.*

The way that trademark disputes are fought may be in the balance on Dec. 2, 2014, when the U.S. Supreme Court hears oral arguments in *B&B Hardware, Inc. v. Hargis Industries, Inc.* Briefing is now complete on whether an administrative decision by the Trademark Trial and Appeal Board (TTAB) of the U.S. Patent and Trademark Office refusing (or canceling) registration of a trademark on the basis of likelihood of confusion (under Section 2(d) of the Lanham Act) should be binding in subsequent trademark infringement litigation directed to use of the same mark.

To find trademark infringement, a district court must find a likelihood of confusion about the source of goods or services. Each court uses a rubric to analyze this, and the TTAB uses a different rubric to assess likelihood of confusion in the Section 2(d) context. But courts in different circuits already use different rubrics to assess likelihood of confusion (some treating it as a question of law, others treating it as a question of fact, and most using their own iteration of factors to be considered), and a final decision from one circuit will nonetheless bar re-litigation of likelihood of confusion

in other circuits. B&B says that a TTAB Section 2(d) finding should be treated the same way, and the government supports that position.

Decisions of federal agencies are sometimes given preclusive effect in the district courts. Hargis says that wasn't Congress' intent here. Because likelihood of confusion is often the key to a trademark infringement claim, preclusion would render trademark infringement actions pro forma, Hargis argues. Often, but not always. Proving infringement also requires proof that the plaintiff has rights that can be enforced against the defendant, and that isn't always a trivial issue. In B&B itself, Hargis began using its mark before B&B registered its own mark, and if B&B's mark wasn't recognized as a mark before Hargis began its use, then Hargis might be permitted to continue its use despite a likelihood of confusion.

TTAB decisions on registrability are reviewable de novo in the district courts, and Hargis says that shows that Congress didn't intend for TTAB decisions to have preclusive effect. Issues of registrability are the TTAB's bailiwick, and it would seem

incongruous that a TTAB finding on registrability would be reviewed de novo by a district court, while a TTAB finding on likelihood of confusion – the lynchpin of most infringement claims, which are outside the TTAB's jurisdiction – would be binding on the same court. That compares apples to oranges, however. A TTAB finding on registrability is only subject to de novo review as part of the appeal process. B&B isn't arguing that a TTAB decision that is still subject to appeal should be binding on the district courts.

Preclusion would deprive accused infringers of their right to a jury trial. But bench trial decisions do sometimes preclude re-litigation even when there was a right to a jury trial. That doesn't happen when the issue is a question of law, Hargis argues, and, as noted above, some circuits characterize likelihood of confusion as a question of law. Again, however, other circuits treat it as a question of fact, and decisions of administrative agencies on fact issues are sometimes given preclusive effect, or at least deferential, effect.

Preclusion doesn't apply if the issues are different, and Hargis

suggests that comparing a finding of likelihood of confusion in the TTAB's 2(d) context to a finding of likelihood of confusion in an infringement case is like comparing "guilty of robbery" to "guilty of murder." Comparing "guilty of robbery" to "guilty of murder" is probably more like comparing likelihood of confusion to a different Lanham Act concept: likelihood of dilution.

But focusing on the phrase "likelihood of confusion" alone is too narrow, Hargis says. Infringement requires a likelihood of confusion resulting from

a use in commerce, while a Section 2(d) refusal does not require that either mark be actually used. However, the difference in language might be a simple reflection of Congress' limited power to regulate the use of marks under the commerce clause.

The facts look bad for B&B: Two different juries found in Hargis' favor, and B&B was admonished below about its litigation tactics. So a quick affirmance shouldn't be surprising. On the other hand, the Court might decide whether likelihood of confusion is a question of fact or a question of law

on its way to resolving the Seventh Amendment issue, and the possibility of a reversal on the merits – with its attendant consequences on how trademark battles are fought – can't be dismissed.

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