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SCOTUS considering arguments that will change the way you think about registering trademarks

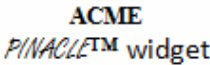
If B&B prevails, fighting in the TTAB about whether a word mark may be registered may become much riskier than it is now

If B&B Hardware wins its pending case before the U.S. Supreme Court (*B&B Hardware v. Hargis Industries*), trademark owners may need to think more carefully about what trademarks they apply to register and which ones they choose to fight about in the Trademark Trial and Appeal Board (TTAB). Oral arguments on the preclusive effect of trademark office decisions in later infringement litigation are scheduled for Dec. 2, 2014.

The case is important because the TTAB ignores some of the facts that would be considered by a district court when deciding if there is a likelihood of confusion. If the TTAB's decision on likelihood of confusion will be binding on a district court, then proceeding in the TTAB first will effectively prevent an accused infringer from ever raising some types of mitigating facts in its defense.

For example, imagine that two companies – Acme and Universal – are rival widget makers. Universal's PEAK brand widgets are sold in packages that use a black-and-gold color scheme with Old English script. Acme decides to introduce a new

line under a PINACLE mark, labeled in red-and-white packages using this wording:



Does Acme's new use infringe Universal's prior rights in PEAK? PINACLE and PEAK both start with a "P", both have a "K" sound toward the end, and both have similar meanings. But Acme's use of its corporate name and the differences in the fonts and colors that the two parties use mitigate against that and might be enough to prevent confusion in the actual marketplace.

Today, Acme might feel confident that the mitigating facts are enough to prevent liability for trademark infringement. It might also apply to register PINACLE as its own word mark. But if the Court adopts the position advocated by B&B, Acme will need to be much more careful: If Universal successfully opposes that application on the grounds of likelihood of confusion, Acme will have to defend an infringement claim without ever being able to raise the

mitigating facts about its actual use.

When assessing likelihood of confusion, the TTAB generally ignores mitigating facts about the how the mark in question is actually being presented in the marketplace. Not being bound to how the mark is actually used, the TTAB essentially asks if the mark might hypothetically be used in a way that would cause confusion. As an example, in an unpublished 2009 decision of the TTAB (*In re PreMD, Inc.*), the TTAB said:

The fact that registrant's house mark appears with the registered mark as actually used in the marketplace is of no consequence in our likelihood of confusion analysis.

Similarly, actual use of the mark in a particular font or color won't be considered by the TTAB if the application shows the mark as a "word mark" and without a color claim (as most applications do).

If a TTAB finding of "a likelihood of confusion" is construed as a finding that the mark might hypothetically

be used in a way that would create confusion, then, logically, that finding generally shouldn't be binding in a related infringement case: there would seldom be a basis for concluding that the set of circumstances that the TTAB was worried about is the same set of circumstances that actually exists in the marketplace.

But that reasoning presupposes that what the TTAB decides is "whether the mark might hypothetically be used in a way that would create confusion," and not "whether there is a likelihood of confusion in the marketplace today." B&B disagrees with that premise, saying it's exactly the same legal issue both in the TTAB and in an infringement case.

In the case now before the Supreme Court, Hargis sells fasteners that are used for making metal buildings. The company has sold those fasteners in boxes marked like this:



B&B, which previously sold SEALTIGHT fasteners used in the aerospace industry, opposed Hargis' application and brought an infringement case. It won the opposition, but lost the infringement case. Relying on the fact that the TTAB ruled first, B&B claims that it was unfair that Hargis was allowed to dispute the issue of likelihood of confusion in the infringement case.

In urging the Supreme Court to review the case, the Solicitor General had suggested that issue preclusion should generally apply when the products at issue in the infringement case were listed in the application or registration that was litigated in a prior TTAB proceeding between the same parties. It's the same position that B&B advocates: So long as the products at issue in the infringement case are a subset of the products that were at issue in the TTAB proceeding, then the TTAB finding (pro or con) should be binding in the related infringement case.

So, if B&B prevails, fighting in the TTAB about whether a word mark may be registered may become much riskier than it is now. The TTAB won't consider some mitigating facts that may prevent confusion in the actual marketplace, but if it finds a likelihood of confusion that finding will be

binding in a related infringement case.

Of course, if companies forego the common word-mark format for their applications (choosing instead to specify the font, color, and company name that is actually used on products), then the TTAB likelihood-of-confusion analysis may closely track the analysis that a district court would use in a traditional infringement case. But a decision to include details like those in an application for registration requires a type of analysis that many practitioners don't use now.

Amicus briefs filed in early September by the AIPLA, IPLAC (the Intellectual Property Law Association of Chicago), and INTA all warn the Court that the TTAB does not consider mitigating facts about an applicant's/registrant's actual use when deciding whether there is a likelihood of confusion. Hargis' response brief is due Oct. 24, 2014.

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