

US TM Enforcement Update – Trademark Enforcement Strategy Just Got More Complicated.

B&B Hardware Inc. v. Hargis Industries, Inc., 135 S. Ct. 1293 (2015)

The two most common avenues for trademark enforcement in the U.S. are infringement litigation in federal court and administrative proceedings before the Trademark Trial and Appeal Board (TTAB). The two actions are independent- the TTAB decides questions of registration, and federal court decides infringement claims. When the nature of the dispute is a conflict between two parties in which the prior rights holder believes the newcomer's mark and scope of use is too close to its own, both the TTAB and federal courts consider the issue under a likelihood of confusion standard.

In the above-referenced case, the TTAB had determined no registration for the later adopter based on likelihood of confusion with the earlier registered mark. There was a co-pending infringement suit in federal court, and the prior rights holder argued that the newcomer was precluded from contesting "likelihood of confusion" based on the TTAB's earlier decision. Both the district court and the circuit court in this case found no preclusion because the TTAB and federal court use different factors to evaluate "likelihood of confusion". However, the US Supreme Court held that "so 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 a district court, issue preclusion should apply" and found that issue preclusion applied in this case.

The U.S. trademark bar has reacted strongly to this case as it represents a significant departure from prior practice and many believe it to be wrongly decided for the following reasons (among others):

- District courts consider marketplace realities in considering likelihood of confusion, whereas the TTAB generally considers only the marks and the goods and services as described in the relevant trademark application or registration.
- TTAB decisions on registration are typically lower stakes decisions whereas infringement decisions that could potentially impact a litigant's ability to continue to use a mark going forward. Therefore, it's likely that TTAB actions have not been prosecuted or defended as vigorously as a federal court action and all the relevant evidence may not have been considered.
- Some but not all of the same factors are considered in determining "likelihood of confusion" in a TTAB action versus a federal court action.



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Nevertheless, the holding stands and may mean significant changes to trademark enforcement strategy in the U.S. In particular, TTAB actions are likely to become higher stakes actions and may become even more costly than they are now if parties are compelled to pursue full-blown discovery, discovery disputes, expert witnesses, and marketplace surveys. It's possible that we may see more appeals of TTAB cases to district courts and/or that plaintiffs may be more likely to take cases directly to district court if there's little cost savings to a TTAB action. It's also possible we may see the TTAB change the way it reviews cases to consider the marketplace with more regularity.

While the full impacts of this case are still unknown, it is clear that it the possible preclusive effect of TTAB cases should be considered in determining trademark enforcement strategy in the U.S.