

No. 13-352

**In the
Supreme Court of the United States**

B&B HARDWARE, INC.,
Petitioner,

v.

HARGIS INDUSTRIES, INC.,
D/B/A SEALTITE BUILDING FASTENERS,
D/B/A EAST TEXAS FASTENERS, ET AL.,
Respondents.

**On Petition For A Writ Of *Certiorari* To
The United States Court Of Appeals
For The Eighth Circuit**

BRIEF IN OPPOSITION

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RULE 29.6 STATEMENT

Respondents Hargis Industries, Inc., d/b/a Sealtite Building Fasteners, d/b/a East Texas Fasteners, have no parent corporations and no publicly held company owns 10% or more of their stock.

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BRIEF IN OPPOSITION

Respondents Hargis Industries, Inc., d/b/a Sealrite Building Fasteners, d/b/a East Texas Fasteners, respectfully submit that the petition for a writ of *certiorari* should be denied.

STATEMENT

The petition posits no fewer than four supposed circuit splits—one described as “multidimensional” (Pet. 17)—relating to whether the finding of the Trademark Trial and Appeal Board of a likelihood of confusion between two trademarks in a registration proceeding is entitled to preclusive effect or deference in an infringement lawsuit. On examination, however, these supposed “splits” are manufactured from distortions of the decision below or derived from issues not present in this case. There is, in fact, nothing here that warrants investment of this Court’s limited resources and the petition should be denied.

A. This case involves two distinctly different contexts in which the “likelihood of confusion” between two trademarks can be adjudicated—an infringement suit in court and an opposition to a registration proceeding before the TTAB. Any “similarity” between the likelihood of confusion inquiries in these two contexts is only “superficial.” *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 1364 (Fed. Cir. 2000).

A “claim of infringement before the court, and a claim of priority and likelihood of confusion before [the TTAB,] are different claims. The former claim is, in essence, a claim of injury resulting from applicant’s *use* of its mark in commerce; the latter claim, in essence, is a claim that opposer believes it would be damaged by *registration* of applicant’s mark.” *Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.*, 424 F.3d 1229, 1233 (Fed. Cir. 2005) (quoting *Am. Hygienic Labs., Inc. v. Tiffany & Co.*, 228 U.S.P.Q. 855, 857 (T.T.A.B. 1986) (emphasis in original)); *see also Jet, Inc.*, 223 F.3d at 1363-64; *Zeibart Int’l Corp. v. Z Tech Rustproofing, Car Care & Accessories, LLC*, 2009 WL 129481, at *4 (T.T.A.B. Jan. 13, 2009) (noting that “analysis of likelihood of confusion in an infringement case is often quite different than it is when considering registration”).

Thus, as Petitioner B&B Hardware acknowledges, the likelihood of confusion inquiries in the two disparate contexts involve the application of “different procedures” (Pet. 2), are driven by different purposes, require the application of different legal standards, focus on different criteria, and anticipate significantly different consequences.

1. “In a trademark infringement action, the owner of a registered mark sues for relief from the injury caused by the defendant’s actual sale, offering for sale, or advertising of goods or services bearing the challenged mark, whereas an opposition to registration is based on the content of the

registration application.” *Mayer/Berkshire Corp.*, 424 F.3d at 1232.

Specifically, in “determining the similarity of marks in an infringement action, a court must examine the visual appearance of each mark in the context of its use.” *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 937 F.2d 729, 735 (2d Cir. 1991); *see also Kemp v. Bumble Bee Seafoods, Inc.*, 398 F.3d 1049, 1054 (8th Cir. 2005) (“[O]ur comparison of the similarity between marks and products [for trademark infringement] must occur in a context that recognizes how consumers encounter the products and how carefully consumers are likely to scrutinize the marks.”); *Homeowners Grp., Inc. v. Home Mktng. Specialists, Inc.*, 931 F.2d 1100, 1109 (6th Cir. 1991) (same) (citations omitted).

Consistent with the operative legal standard, in assessing likelihood of confusion under the Lanham Act, the circuits apply varying multi-factor tests, with the Eighth Circuit opting for a six-factor test, *see SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980), the Sixth Circuit an eight-factor test, *see Georgia-Pacific Consumer Prods. LP v. Four-U-Packaging, Inc.*, 701 F.3d 1093, 1100-01 (6th Cir. 2012), the Third Circuit a ten-factor test, *see Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 462-63 (3d Cir. 1983), and other circuits employing different combinations of factors, *see Barton Beebe, An Empirical Study of the Multifactor Tests for*

Trademark Infringement, 94 CALIF. L. REV. 1581, 1587-94 (2006) (describing varying circuit tests).

2. By comparison, in a Board proceeding, as the Patent and Trademark Office's administrative tribunal, the TTAB "is empowered to determine only the right to register." TTAB Manual of Procedure § 102.01. It "is not authorized to determine the right to use, nor may it decide broader questions of infringement or unfair competition." *Id.*; see also *FirstHealth of the Carolinas, Inc. v. CareFirst of Md., Inc.*, 479 F.3d 825, 828 (Fed. Cir. 2007); *McDermott v. San Francisco Women's Motorcycle Contingent*, 81 U.S.P.Q.2d 1212, 1216 (T.T.A.B. 2006) ("[T]he Board's jurisdiction is limited to determining whether trademark registrations should issue or whether registrations should be maintained; it does not have authority to determine whether a party has engaged in criminal or civil wrongdoings."), *aff'd*, 240 F. App'x 865 (Fed. Cir. July 11, 2007).

A trademark cannot be registered—and thus accorded the particular benefits that come with registration—if it "so resembles a mark registered in the [Patent and Trademark Office], or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion." 15 U.S.C. § 1052(d).

In determining likelihood of confusion in the registration, opposition or cancellation context, the TTAB applies the thirteen-factor test set forth in *In*

re E.I. DuPont DeNemours & Co., 476 F.2d 1357, 1361 (C.C.P.A. 1973). But, unlike an infringement lawsuit, “[i]n a proceeding seeking the cancellation of a trademark or opposing an application for registration, ‘likelihood of confusion is determined only as to the registrability of the applicant’s mark exactly as shown in the application and only as to the goods listed, regardless of actual usage.’” *Levy v. Kosher Overseers Ass’n of Am., Inc.*, 104 F.3d 38, 41 (2d Cir. 1997) (quoting *Jim Beam Brands*, 937 F.2d at 734) (emphasis omitted); *see also Light Sources, Inc. v. Cosmedico Light, Inc.*, 360 F. Supp. 2d 432, 440 (D. Conn. 2005) (“Litigation before the TTAB in opposition proceedings is, therefore, limited to whether one has the right to register a mark, and not whether one has the right to exclusive use of the mark in practice.”) (citation omitted); *In re Infinity Broadcasting Corp. of Dallas*, 60 U.S.P.Q.2d 1214, 1218 (T.T.A.B. 2001) (noting that “in Board proceedings, likelihood of confusion is determined independent of the context of actual usage”); 6 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 32:101 (4th ed. 2013) (same).

3. These distinctions and variations establish that a court’s likelihood of confusion analysis in an infringement suit differs materially from the TTAB’s likelihood of confusion analysis in a registration, cancellation or opposition proceeding—and vice versa.

These differences explain why, on numerous occasions, the Federal Circuit, the Eighth Circuit here, and numerous other courts have refused to accord each other's likelihood of confusion findings issue preclusive effect. *See, e.g., Mayer/Berkshire Corp.*, 424 F.3d at 1233-34 (district court finding not preclusive before TTAB); Pet. App. 1a-14a (TTAB finding not preclusive in district court); *Jim Beam Brands*, 937 F.2d at 734 (Federal Circuit/TTAB finding not preclusive in district court); *Levy*, 104 F.3d at 43 (TTAB finding not preclusive in district court); *Save the Children Fed'n, Inc. v. Larry Jones Int'l Ministries, Inc.*, 38 U.S.P.Q.2d 1495, 1498 (D. Conn. 1996) (same); *cf. FirstHealth of Carolinas*, 479 F.3d at 828 n.1 (acknowledging that "the Board's likelihood of confusion ... findings ... may not" be preclusive in future case) (citing *Jim Beam Brands*, 937 F.2d at 734-36).

B. Hargis Industries is in the business of selling self-drilling and self-piercing construction fasteners for use in the metal building construction industry. Since its beginning in January 1992, Hargis has continuously sold its construction fasteners or sheeting screws to the metal building industry under the mark "Sealtite." Trial Transcript ("Tr.") 723, 755-56, 760.¹ Hargis does business as "Sealtite Building Fasteners." Tr. 824; *B&B*

¹ Transcript citations are to the transcript of the trial of this case in the district court.

Hardware, Inc. v. Hargis Indus., Inc., 252 F.3d 1010, 1011 (8th Cir. 2001) (“*Hargis I*”). Its fasteners are designed to keep out external elements, like rainwater. Tr. 761.

B&B sells a specialty fastener under the name “Sealtight,” which is designed for precision and high-pressure applications, primarily in the aerospace and other high-tech industries. Pet. App. 2a-3a. Its prominent feature is an o-ring assembly that is able to withstand pressure in excess of twenty thousand psi. Tr. 836-38, 1030-35.

C. In June 1998, B&B sued Hargis for trademark infringement based on its use of the “Sealtite” mark. A jury found that B&B’s “Sealtight” mark was merely descriptive and lacked secondary meaning and, therefore, was invalid and unenforceable. *Hargis I*, 252 F.3d at 1012. B&B appealed but the Eighth Circuit affirmed. *Id.* at 1014.

Five years later, in August 2006, B&B filed a second lawsuit against Hargis for trademark infringement involving the same trademarks. The district court dismissed the suit on issue preclusion grounds based on *Hargis I*. See *B&B Hardware, Inc. v. Hargis Indus., Inc.*, No. 4:06-cv-01654, 2007 WL 2711647 (E.D. Ark. Sept. 13, 2007). The Eighth Circuit reversed and remanded, finding that although likelihood of confusion was litigated in *Hargis I*, the jury in that case did not actually decide

it. See *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 569 F.3d 383, 389-90 (8th Cir. 2009) (“*Hargis II*”).

D. In the meantime, before the TTAB, B&B opposed Hargis’s application to register its mark “Sealtite” for “self-piercing and self-drilling metal screws for use in the manufacture of metal and post-frame buildings.” Pet. App. 42a. In August 2007, the TTAB denied Hargis’s application based on its conclusion that there was a likelihood of confusion between Hargis’s “Sealtite” mark and B&B’s “Sealtight” mark. *Id.* at 71a.

Following limited discovery and based on minimal evidence, the TTAB reached its decision by looking at six of the thirteen factors set forth in *In re E.I. DuPont DeNemours*, 476 F.2d at 1361.² Noting that B&B failed to introduce any evidence of consumer recognition for its mark, the Board found that the factor of fame did not support a finding of likelihood of confusion. Pet. App. 56a. It also found that the parties sell their fasteners for different applications in different industries, and their respective products “move in different channels of trade[,]” which likewise weighed against a finding of likelihood of confusion. *Id.* at 64a. Although characterizing B&B’s evidence as “tailored” and “not especially compelling,” the Board found “anecdotal

² B&B claims that the TTAB took “extensive evidence,” Pet. 12, but it cites nothing to support that assertion, and it is contrary to the record. Indeed, not one customer in the marketplace testified by deposition in the TTAB proceeding.

evidence” of actual confusion—some misdirected phone calls—that added some support for its finding of likelihood of confusion. *Id.* at 70a. A fourth factor, the degree of consumer care, was not sufficiently developed in the Board’s view to draw any conclusions. *Id.* at 67a-68a.

The “most critical factors in [the TTAB’s] likelihood of confusion analysis” were the “similarities of the marks and the similarity of the goods.” *Id.* at 70a. The TTAB observed that the two marks were similar because they were “phonetically equivalent” and had the same “meaning and commercial impression ... when used in connection with metal fasteners....” *Id.* at 56a-57a. And, it determined that the two fasteners were “intrinsically related” simply because they are both types of fasteners. *Id.* at 61a. In the Board’s analysis, the greater the degree of similarity between the marks, the lesser the degree of similarity is required between the goods to support a finding of likelihood of confusion. *Id.*

In sum, the Board found that three of the factors it considered supported a finding of likelihood of confusion, two of the factors it considered supported a finding of no likelihood of confusion, and one of the factors it considered was neutral. Accordingly, the Board applied the settled presumption that doubts about likelihood of confusion in an opposition proceeding are resolved against the applicant,

“resolve[d] such doubts against” Hargis, and denied Hargis’s application. *Id.* at 71a.

E. In June 2010, following remand from the Eighth Circuit’s decision in *Hargis II*, the parties tried B&B’s infringement claims and Hargis’s counterclaims of false advertising and false designation of origin.

1. During trial, the district court permitted B&B to elicit testimony and argue to the jury that Hargis was unable to register its mark and that the TTAB found the parties’ marks and goods to be similar. Tr. 731-32, 923, 1332, 1334. It instructed the jury on the TTAB proceedings and how the jury should consider evidence relating to those proceedings. Tr. 1393. To avoid jury confusion and undue prejudice, however, the court exercised its discretion and excluded the TTAB’s opinion itself. Pet. App. 12a-13a.

2. At the close of the evidence, the district court instructed the jury on the six-factor test the Eighth Circuit applies in determining likelihood of confusion in a trademark infringement suit under the Lanham Act. Pet. App. 29a; *SquirtCo*, 628 F.2d at 1091.³ Unlike in the opposition proceeding before

³ The six *SquirtCo* factors are: (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

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the TTAB, in the trademark lawsuit, there was no presumption that doubts would be resolved against Hargis. B&B carried the burden of persuasion. Pet. App. 11a.

The evidence introduced at trial demonstrated “convincingly that other than the fact that both products are fasteners, they are distinctly and vastly different in their features and characteristics, functions and applications, and pricing structure.” Pet. App. 35a. “B&B’s product is a high-precision fastener” which requires a pre-drilled and pre-tapped hole, and which B&B claims is designed for equipment in high-pressure environments “ranging from the space shuttle to underwater cameras.” Pet. App. 35a. Hargis’s construction fasteners, on the other hand, “are self-tapping, self-drilling screws designed to attach sheet metal to wood and steel frames.” *Id.* As the district court concluded, “B&B offered no credible evidence to rebut” the evidence introduced by Hargis at trial “that there is no possible cross-over between the companies’ products.” *Id.*

In the Eighth Circuit, competitive proximity, not similarity (a factor in the TTAB analysis), is the principal factor in determining likelihood of confusion. To that end, there was “extensive

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actual confusion; and (6) the type of product, its costs and conditions of purchase. *See SquirtCo*, 628 F.2d at 1091.

testimony” at the infringement trial that the companies are not, and never have been, in competition with one another, either directly or indirectly. Pet. App. 35a.

Hargis introduced dispositive evidence demonstrating that B&B and Hargis sell to different industries consisting of sophisticated and knowledgeable purchasers who understand what fasteners are appropriate and acceptable in their respective industries. Pet. App. 37a. Hargis’s customers are manufacturers of pre-engineered metal buildings and metal building components. Pet. App. 3a, 35a. B&B markets to customers such as Boeing, the U.S. military, and NASA, manufacturers of high-tech aircraft, missile systems, and the space shuttle. Pet. App. 35a.

Hargis also introduced evidence demonstrating that after eighteen years of Hargis and B&B’s co-existence, there was no evidence of a single fastener that Hargis had ever sold outside the metal building industry, a single fastener that B&B had ever sold to that industry, or a single sale B&B had ever lost on the basis of a purchaser buying a Hargis fastener believing it to be a B&B product. Tr. 423, 425, 428-30, 903-04.

At the same time, the trial was highlighted by the *absence* of evidence bearing on the *SquirtCo* factors that might have supported B&B’s claim of likelihood of confusion. For example, the strength of the mark is a factor in the Eighth Circuit’s likelihood

of confusion analysis, *SquirtCo*, 628 F.2d at 1091, whereas in the TTAB proceeding, it was not. Pet. App. 54a-55a. Yet, B&B failed to produce credible evidence of any noticeable change in its mark's strength since the jury's verdict in *Hargis I* finding B&B mark's merely descriptive and lacking secondary meaning. Pet. App. 34a-35a ("Even B&B seemed to concede that its mark is not so strong by asserting a theory of reverse confusion. The weight of the evidence introduced at trial supports a finding that B&B's mark is weak.").

Intent is another factor in the Eighth Circuit's analysis, *see SquirtCo*, 628 F.2d at 1091, but was not a consideration in the TTAB opposition proceeding. With respect to this factor also, B&B failed to introduce any evidence that Hargis adopted its "Sealtite" mark with the intent to pass off its goods as those of B&B. Pet. App. 36a. To the contrary, the undisputed record confirmed that Joe Hargis, Hargis's owner, adopted the Sealtite mark without any such intent and before he had ever heard of B&B or its "Sealtight" mark. *Id.*

As for instances of actual confusion between the parties' fasteners, B&B offered only scant hearsay evidence of some misdirected phone calls and faxes to B&B. Pet. App. 36a-37a. Notably, B&B did not call as a witness at trial a single customer or other third-party witness to substantiate any actual confusion as to the source of the goods.

The only *SquirtCo* factor that supported a finding of likelihood of confusion was the similarity of the two marks, though, as the district court noted, there was evidence of dissimilarity in actual use in the marketplace because Hargis virtually always uses “Sealtite” in the context of “Sealtite Building Fasteners,” not in isolation. Pet. App. 35a.

3. Apart from B&B’s failure to meet its burden on its claim of trademark infringement and the overwhelming evidence to the contrary, the proof at trial also established that B&B had engaged in a conscious and deceptive scheme to manufacture evidence in support of its trademark infringement claim and the appearance of confusion between the parties’ respective marks. Pet. App. 13a-14a. As just one example, B&B copied directly from Hargis’s website photographs of Hargis’s fasteners and inserted them in B&B’s so-called new construction fastener website several months before trial, all in an effort to enhance its likelihood of confusion case. *Id.*; Hargis’s Addendum to Br. in U.S. Court of Appeals for the Eighth Circuit, filed June 14, 2011 (“Hargis Add.”), at 1-10 (comparing Hargis fasteners to B&B copies of those fasteners).

B&B tried to conceal its copying by manipulating some of the photographs and switching the heads of different fasteners. When confronted at trial with this conduct—and specifically with the fact that the size and weight charts on the Hargis and B&B websites were identical—B&B’s president and

part-owner, Larry Bogatz, claimed that he personally created the tables of weights for the fasteners found on B&B's new website. Tr. 487-89; 502. But that, too, was false, as B&B's contrived website revealed a typo on one of its charts identical to one on Hargis's site, thus confirming that B&B had copied the charts as well. *See* Hargis Add. at 9-10; Pet. App. 14a (noting "misrepresentations" made at trial and by Mr. Bogatz in his deposition testimony).⁴

4. The jury returned a verdict against B&B on all of its claims and for Hargis on its counterclaims. Pet. App. 2a. It found no likelihood of confusion between the parties' "Sealtite" and "Sealtight" marks and found that Hargis had not engaged in unfair competition or false designation of origin. *Id.* at 3a-4a. On Hargis's counterclaims, the jury found that B&B copied from Hargis's website and had engaged in both false advertising and false designation of origin. *Id.* at 21a-25a. Post-trial, the district court found that B&B's willful and deliberate attempt to manufacture evidence to support its trademark infringement claim made the case "exceptional" under 15 U.S.C. § 1117(a), thus entitling Hargis to

⁴ For a litany of transgressions B&B committed during the the infringement lawsuit, *see* the district court's memorandum and order finding an "exceptional" case under 15 U.S.C. § 1117(a). *B&B Hardware, Inc. v. Hargis Industries, Inc.*, No. 4:06-cv-01654, Dkt. 242 (E.D. Ark. Nov. 10, 2010); *see also id.* at 11 ("The evidence is overwhelming that B&B engaged in efforts to manufacture the appearance of confusion...").

an award of attorneys' fees. *Id.* at 13a-14a. B&B appealed the final judgment and the district court's "exceptional" case finding and award of fees.

F. A majority of the Eighth Circuit affirmed in all respects.⁵ Pet. App. 1a-14a (Shepherd and Loken, JJ.).

1. The Eighth Circuit first determined that the TTAB's prior likelihood of confusion finding was not entitled to preclusive effect on the record before it. The court "[a]ssum[ed] TTAB decisions may be entitled to preclusive effect," but found that issue preclusion did not attach to the TTAB's decision "here because ... the same likelihood-of-confusion issues were not decided by the TTAB as those brought in the action before the district court." Pet. App. 7a. The court explained that because "the issue of likelihood of confusion in a cancellation proceeding may be different from the issue of likelihood of confusion in an action for infringement[,]" the TTAB's decision "must be carefully examined to determine exactly what was decided and on what evidentiary basis." *Id.* at 8a (citations and internal quotation marks omitted).

The court then carefully examined what the TTAB decided and the basis for its decision. It

⁵ The Eighth Circuit remanded for a recalculation of the attorneys' fee award based on its conclusion that fees connected to B&B's prior appeal should be excluded because that appeal was not "groundless and unreasonable." Pet. App. 14a.

observed that in applying six of the thirteen *DuPont* factors for determining likelihood of confusion in Hargis’s registration proceeding, the TTAB found “that the specific fasteners are significantly different products and are marketed to different industries and customers, and that those findings would not support a finding of likelihood of confusion.” *Id.* at 9a. Nevertheless, “the TTAB determined that, for registration purposes, the similarities of the marks trumped the market usage of the products in its likelihood-of-confusion analysis.” *Id.*

As the Eighth Circuit found, this record barred application of issue preclusion because for issue preclusion “to apply, the [TTAB] must have examined the entire marketplace context as is done in trademark infringement actions.” Pet. App. 10a (quoting 6 *McCarthy on Trademarks and Unfair Competition* § 32:101 (citing *Levy*, 104 F.3d at 43) (internal quotation marks omitted)).

Despite its findings that the parties’ fasteners were “different and marketed to vastly different industries and customers”—which “weighed against a finding of likelihood of confusion”—“the TTAB placed greater emphasis on the appearance and sound when spoken of the two marks and ultimately determined that there was a likelihood of confusion.” Pet. App. 10a. The TTAB’s approach thus departed from the likelihood of confusion analysis required in infringement cases, which focuses on the “marketplace usage of the marks and products.” *Id.*

(citation omitted). As a result, issue preclusion did not apply because the TTAB “did not decide the same likelihood-of-confusion issues presented to the district court in this infringement action.” *Id.*

2. The Eighth Circuit further concluded that the “fact that Hargis was unable to overcome B&B’s challenge to the registration of Hargis’s mark on the basis of likelihood of confusion [before the TTAB] does not establish that B&B can meet its burden of persuasion for trademark infringement purposes.” Pet. App. at 11a. This independently foreclosed any finding of issue preclusion given the settled rule that the “[f]ailure of one party to carry the burden of persuasion on an issue should not establish the issue in favor of an adversary who otherwise would have the burden of persuasion on that issue in a later litigation.” *Id.* at 10a-11a (citations omitted).

3. Finally, the Eighth Circuit declined to disturb the district court’s decision not to defer to the TTAB’s findings. B&B offered only a thirty-year-old district court decision in support of its deference argument. Pet. App. 11a. The Eighth Circuit found that case, which applied deference in reviewing directly a TTAB decision under 15 U.S.C. § 1071(b), distinguishable and declined to defer to the TTAB’s registration-related ruling in this infringement suit. *Id.* at 11a-12a.

4. Judge Colloton dissented, but not because he identified any conflicts among the circuits on the controlling law regarding the effect and weight of the

TTAB's findings in an infringement lawsuit. Rather, applying the same test adopted by the majority—but substituting his view of the record for the district court's assessment of what the Board considered and decided—Judge Colloton concluded that the TTAB did compare the two parties' marks “in their entire marketplace context...” Pet. App. 18a. He therefore found that “the factual basis for the likelihood of confusion issue is the same, the issues are the same, and collateral estoppel is appropriate.” Pet. App. 18a (quoting *Levy*, 104 F.3d at 42) (other citations omitted).

REASONS FOR DENYING THE PETITION

The petition for *certiorari* presents two questions and asserts the existence of four separate circuit splits. Each of those claimed splits, however, is illusory. The results in the cases are not driven by “conflicts” but by fact-bound, case-specific applications of distinct multi-factor legal standards. Nor do any of the decisions purport to identify a conflict with any other circuit's approach, including the Eighth Circuit's decision below. The Eighth Circuit's treatment of issue preclusion in this case also rests on independent grounds that do not implicate the abstract legal questions the petition presents. There thus is no colorable ground to grant review under this Court's Rule 10.

I. B&B's Asserted Circuit Splits Are Illusory.

B&B claims that the Eighth Circuit's decision creates four different circuit splits on issue preclusion and deference in the trademark infringement context. Each of these conflicts is illusory.

A. B&B first contends that the decision below conflicts with certain Federal Circuit decisions that have given preclusive effect to *district court findings* of likelihood of confusion in infringement suits. Pet. 14-17. B&B is wrong.

1. To begin with, B&B mixes apples and oranges. Giving preclusive effect in a TTAB proceeding to a decision of an Article III court, on the one hand, and not giving preclusive effect in an infringement lawsuit to a TTAB decision, on the other, does not present a conflict at all. These are: (1) different tribunals—one an administrative agency, one an Article III court; (2) analyzing different issues—likelihood of confusion under different provisions of the Lanham Act; (3) applying different legal standards—one a thirteen-factor test focused on similarity between the mark as set forth in the registration application and the opposer's mark, the other a six-factor test focused on actual use of the marks in the marketplace; (4) in different types of proceedings—registration, opposition or cancellation proceedings in one instance, infringement litigation in the other.

2. The case law also makes clear that whether likelihood of confusion presents an identical issue in a particular TTAB registration or court infringement

proceeding involves a fact-bound, case-specific question that is not—and cannot be—governed by some overarching, black-and-white legal rule. For every decision that finds a likelihood of confusion finding preclusive, Pet. 14-15, there is a case that finds a likelihood of confusion finding not preclusive, *supra* at 6.

Likewise, the Eighth Circuit’s decision here—in line with the Second Circuit—plainly does not hold or suggest that a TTAB likelihood of confusion finding in a registration or cancellation proceeding can *never* be preclusive in a subsequent infringement lawsuit in court. Under the Eighth Circuit’s decision, a TTAB finding on likelihood of confusion that accounts for the marketplace context in a meaningful way likely would be entitled to issue preclusive effect in a second proceeding. Pet. App. 8a-10a; *Levy*, 104 F.3d at 42 (TTAB or Federal Circuit finding on likelihood of confusion entitled to preclusion if the “context of the marketplace” was “taken into account ... in a meaningful way”); *Jim Beam Brands*, 937 F.2d at 734-36 (same).

Accordingly, B&B’s claimed conflict between the Eighth and the Federal Circuits does not exist.

B. B&B’s tortured efforts to manufacture what it calls a “multidimensional” (Pet. 17) split among the Eighth Circuit and five other circuits are equally infirm.

1. For starters, the Eighth Circuit’s decision does not, as B&B claims, stand alone among the circuits in its supposed “view that ‘likelihood of

confusion’ necessarily means different things before the TTAB and district courts.” Pet. 17. As discussed above, the Federal Circuit and the TTAB both recognize—consistent with the statutory scheme, scholarly commentary, and other circuits—that “likelihood of confusion” presents a different issue in the registration/opposition/cancellation setting than it does in an infringement suit in court. See *Mayer/Berkshire Corp.*, 424 F.3d at 1233; *Jet, Inc.*, 223 F.3d at 1363-64; 6 *McCarthy on Trademarks and Unfair Competition* § 32:101 (“It must be kept in mind that a determination of a likelihood of confusion in the context of an opposition or cancellation and its review on appeal to the Federal Circuit may sometimes bear little relevance to the issues presented in a subsequent infringement suit... Thus, an inter partes decision of the Trademark Board, whether reviewed by the Federal Circuit or not, must be carefully examined to determine exactly what was decided and on what evidentiary basis.”); see also *supra* at 1-5. And, the Eighth Circuit’s decision plainly does not mean that the TTAB’s findings on likelihood of confusion will never be accorded preclusive effect in infringement suits in that Circuit. *Supra* at 21. Rather, such preclusive effect will be determined on the facts of each case.

2. Nor, contrary to B&B’s assertion, would the Second Circuit inevitably reach a different conclusion on the facts of this case. Pet. 20-22. Indeed, the Eighth Circuit’s holding expressly tracked and followed the Second Circuit’s rule, which looks to whether the TTAB took into account in a “meaningful manner” the “context of the

marketplace.” *Levy*, 104 F.3d at 43. It is likely, therefore, that the Second Circuit would have applied its own rule in *Levy* just like the Eighth Circuit did here, and hold, just like the Eighth Circuit, that the TTAB’s likelihood of confusion finding is not issue preclusive. It is nothing more than rank speculation to say that the Second Circuit, unlike the Eighth Circuit applying the same standard, would have applied issue preclusion in this case.

3. B&B’s claim that the “Third and Seventh Circuits have unambiguously accorded preclusive effect to TTAB decisions on the likelihood of confusion” and “would have applied” preclusion in this case is still more misdirection. Pet. 17, 20 (discussing *Jean Alexander Cosmetics, Inc. v. L’Oreal USA, Inc.*, 458 F.3d 244 (3d Cir. 2006) and *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 746 F.2d 375 (7th Cir. 1984)). That is because the question of identity of the likelihood of confusion issue was not actually disputed by the parties in either case B&B relies on. *See Jean Alexander, generally* (not considering whether the likelihood of confusion issues were identical); *EZ Loader, generally* (same).

Instead, the Third Circuit’s decision in *Jean Alexander* turned on whether the TTAB’s likelihood of confusion finding was “necessary” to its ultimate determination on cancellation—a separate and distinct element of issue preclusion. *See Jean Alexander*, 458 F.3d at 249 (stating that the “dispute centers on whether the TTAB’s findings on likelihood of confusion was ‘necessary’ to its decision in the

cancellation proceedings”). And the Seventh Circuit’s decision in *EZ Loader* turned on whether the party opposing issue preclusion had a full and fair opportunity to litigate the likelihood of confusion question in the TTAB proceeding—a separate and distinct element of issue preclusion, too.⁶ See *EZ Loader*, 746 F.2d at 377 (stating that issue on appeal was whether EZ Loader had a “fair and full opportunity to litigate the question [of likelihood of confusion] in the previous proceedings”) (citations omitted).

4. B&B’s assertion that decisions from the Fourth, Fifth and Eleventh Circuits further deepen the proposed split is unfounded as well. For example, B&B states that the Fifth Circuit, in *American Heritage Life Insurance Company v. Heritage Life Insurance Company*, 494 F.2d 3 (5th Cir. 1974), “held that TTAB decisions cannot be preclusive.” Pet. 23. But that is not what the Fifth Circuit said in that case—it “suggest[ed] ... that the doctrines [of preclusion], with respect to administrative proceedings, are not applied with the same rigidity as their judicial counterparts.” *Am. Heritage Life Ins. Co.*, 494 F.2d at 10 (citation omitted). That is how the Eleventh Circuit, which is bound by *American Heritage*,⁷ recently read the decision. See *Maldonado v. U.S. Attorney General*,

⁶ In *EZ Loader*, the court also considered the preclusiveness of the *Federal Circuit’s* ruling, not the TTAB’s. *Id.* at 376-78.

⁷ See *Bonner v. City of Prichard*, 661 F.2d 1206, 1207 (11th Cir. 1981) (*en banc*) (adopting all pre-October 1, 1981 Fifth Circuit decisions as binding in Eleventh Circuit).

664 F.3d 1369, 1377-78 (11th Cir. 2011) (citing *American Heritage* for proposition that *res judicata* “applies even more flexibly in the administrative context than it does when a second court of competent jurisdiction is reviewing the decision of a first court”). And, as the Eleventh Circuit noted in *Maldonado*, that view is consistent with the “clear majority of our sister circuits” as to administrative preclusion generally. *Id.* at 1378 (citing cases from eight other circuits).

The Eleventh Circuit’s decision in *Freedom Savings & Loan Association v. Way*, 757 F.2d 1176 (11th Cir. 1985), seems to suggest a bright-line no-preclusion rule, relying on a broad reading of *American Heritage* that diverges from that Circuit’s more recent interpretation of the decision in *Maldonado*. 757 F.2d at 1180. Yet, in its more than twenty-eight years of existence, *Freedom Savings & Loan* does not appear to have been cited for such a rule by the Eleventh Circuit or district courts that are bound by that Circuit’s precedent. It is, at most, an outlier that—given its subsequent history—is unlikely to attract future judicial adherents.

The Eighth Circuit’s decision thus does not conflict with the decisions of other circuits, nor is there the “multidimensional” split among numerous circuits that B&B propounds.

C. B&B posits yet a third circuit split on the question of deference to the TTAB’s finding of a likelihood of confusion where issue preclusion does not apply. That split, too, is far more imagined than real.

B&B does not cite a single circuit that has concluded that no deference is ever due to the TTAB's finding of likelihood of confusion in a registration/opposition proceeding. The Eighth Circuit did not hold as much here. Rather, focusing on the way B&B argued for deference—and, specifically, its reliance on a 1983 district court decision applying deference in reviewing directly a TTAB ruling under 15 U.S.C. § 1071(b)—the Eighth Circuit found the case distinguishable given the different context in which it was reached. Pet. App. 11a-12a. The court of appeals made no broad pronouncement that it would never entertain a deference argument in this setting. Nor did Judge Colloton dissent from the majority's conclusion not to defer to the TTAB's finding. *Id.* at 14a-20a.

At the same time, while one other circuit has independently endorsed a principle of deference to the TTAB's findings,⁸ *see Am. Heritage Life Ins. Co.*, 494 F.2d at 10 (court must accept TTAB findings on likelihood of confusion “unless the contrary is established by ‘evidence which, in character and amount carries thorough conviction’”) (citations omitted), this case would not, contrary to B&B's unelaborated claim, be decided differently under that deference rule. Pet. 24-25. The record

⁸ B&B categorizes the Eleventh Circuit as a circuit that endorses the deference rule. Pet. 24. To the extent that remains true, *but see supra* at 24-25, however, it is only because the Eleventh Circuit in *Freedom Savings & Loan* was bound by the Fifth Circuit's pre-1981 decision in *American Heritage*. *See Freedom Savings & Loan*, 757 F.2d at 1180; *supra* n.7.

developed in the district court conclusively establishes—with “thorough conviction”—that there was no likelihood of confusion between the marks. *Supra* at 11-13; Pet. App. 11a (noting that, “[a]s the district court found, the products, other than having similar names and both being fasteners, were not similarly priced, similarly marketed, or intended to be used in conjunction with or in substitution for one another”); Pet. App. 34a-37a (district court’s post-trial opinion).

The Fourth Circuit’s unpublished decision in *Miguel Torres, S.A. v. Cantine Mezzacorona, S.C.A.R.L.*, 108 F. App’x 816 (4th Cir. 2004), offers no support for Petitioner’s strained attempt to fashion a circuit split either. The court of appeals there did not analyze the preclusive effect of the TTAB’s likelihood of confusion finding. *See id., generally*. Moreover, unpublished decisions that do not establish binding circuit precedent—and, therefore, that the court of appeals is free to disregard in future cases—do not give rise to a circuit conflict that might warrant this Court’s review.

D. Finally, B&B claims that there is a split relating to the Eighth Circuit’s ruling that issue preclusion did not apply because the burden and standard of proof before the TTAB and the district court were different. Pet. 31. No such split exists.

The case B&B says is in conflict with the decision below on this issue—the Third Circuit’s decision in *Jean Alexander*—did not even consider the burden-shifting rationale for not applying issue

preclusion or Section 28 of the Restatement (Second) of Judgments, which embodies that rationale. Rather, the court there considered the distinct “full and fair opportunity to litigate” element of issue preclusion. And, it rejected the contention that that element was not met as to the party resisting preclusion because that party did not have the burden of proof in the prior proceeding. *Jean Alexander*, 458 F.3d at 256 n.5. The Third Circuit’s decision is not in conflict with the Eighth Circuit’s ruling here. *Compare* Pet. App. 10a-11a.

Simply put, B&B fails to articulate a single, developed split between the Eighth Circuit and any other circuit—or even among other circuits—for any of the reasons it claims. The petition should be denied on this ground alone.

II. THE EIGHTH CIRCUIT’S DECISION IS CORRECT.

Without a colorable circuit split, B&B’s argument for *certiorari* reduces to error correction. Of course, fact-bound error correction is not this Court’s role and is not a basis for *certiorari*. *See* S. Ct. R. 10. And, there is no error.

Here, the Eighth Circuit’s decision follows both from the Federal Circuit’s and the TTAB’s own recognition that the likelihood of confusion inquiry differs materially in the registration and infringement contents, and from the settled and well-reasoned views of the Second Circuit and scholarly commentators. *Supra* at 1-6, 21-23. The court of appeals’ ruling also follows from foundational principles of preclusion law. Preclusion provides a “drastic” remedy (*Legnani v. Alitalia*

Linee Aeree Italiane, S.P.A., 400 F.3d 139, 142 n.2 (2d Cir. 2005)), which “blockades unexplored paths that may lead to the truth...” *Brown v. Felsen*, 442 U.S. 127, 132 (1979). Thus, in order to protect constitutional rights to due process and a jury trial, preclusion cannot be applied unless a “careful inquiry” (*id.*) shows that its application is “certain to every intent. . . .” *Russell v. Place*, 94 U.S. (4 Otto) 606, 610 (1876)).

For the same reasons, this Court has emphasized that issue preclusion “must be confined to situations where the matter raised in the second suit is identical in all respects with that decided in the first proceeding and where the controlling facts and applicable legal rules remain unchanged.” *CIR v. Sunnen*, 333 U.S. 591, 599–600 (1948); *see also Enica v. Principi*, 544 F.3d 328, 337 (1st Cir. 2008) (same); *Estate of True v. CIR*, 390 F.3d 1210, 1232 (10th Cir. 2004) (same); *see also* 18 Wright, Miller, and Cooper, *Federal Practice and Procedure* § 4417, at 413 n.1 (2d ed. 2002) (noting that courts have insisted that “[p]roof that the identical issue was involved ... is ‘an absolute due process prerequisite to the application of collateral estoppel’”) (citation omitted). The Eighth Circuit’s careful approach to applying issue preclusion comports squarely with these principles.

The Eighth Circuit’s analysis likewise aligns with the circuits’ uniformly flexible application of preclusion to administrative agency determinations. All the circuits that have spoken to the issue—including the Fifth and Eleventh Circuits, which B&B claims have adopted a contrary rule on the preclusiveness of TTAB findings—have stressed that

the preclusion doctrines apply “even more flexibly in the administrative context than [they do] when a second court of competent jurisdiction is reviewing the decision of a first court.” *Maldonado*, 664 F.3d at 1377; *see also Artukovic v. INS*, 693 F.2d 894, 898 (9th Cir. 1982) (“[I]n the administrative law context, the principles of collateral estoppel [are] applied flexibly.”) (citation omitted); *Richlands Med. Ass’n v. Harris*, 651 F.2d 931, 935 (4th Cir. 1981) (“res judicata in the administrative setting ‘is not encrusted with the rigid finality that characterizes the precept in judicial proceedings’”) (citation omitted); *Am. Heritage Life Ins. Co.*, 494 F.2d at 10 (“We ... suggest ... that the doctrines [of res judicata and collateral estoppel], with respect to administrative proceedings, are not applied with the same rigidity as their judicial counterparts.”) (citation omitted).

The refusal to treat TTAB findings as “encrusted with ... rigid finality” is sensible given that the TTAB, like other administrative agencies, is not subject to the strictures of Article III and is free to render “advisory” rulings. *See Tenn. Gas Pipeline Co. v. Federal Power Comm’n*, 606 F.2d 1373, 1380 (D.C. Cir. 1979); *Weight Watchers Int’l, Inc. v. I. Rokeach & Sons, Inc.*, 546 F. Supp. 841, 842 (S.D.N.Y. 1982) (“The [TTAB] is not a judicial body restricted by the case-or-controversy requirement of article III of the Constitution.”); 6 *McCarthy on Trademarks and Unfair Competition* § 32:100 (“As to decisions of the Trademark Board, it is significant to note that since the Board is not a judicial body under Article III of the Constitution, it is not bound by the ‘case or controversy’ requirement and is therefore

free to make advisory and ex parte rulings on non-essential issues.”). And, “additional flexibility is recognized to defeat preclusion to accommodate the distinctive substantive and procedural policies that may govern agency adjudication....” See 18B Wright, Miller, and Cooper, *Federal Practice and Procedure* § 4475 (2d ed. 2002).

B&B nevertheless attacks the Eighth Circuit’s decision on several grounds, each of which offers little beyond hyperbole. B&B first claims that the Eighth Circuit “has adopted a position that would prevent the TTAB’s decisions on likelihood of confusion from ever being treated as definitive.” Pet. 26. But that is not true. The Eighth Circuit held that where, in deciding likelihood of confusion, the TTAB meaningfully accounts for confusion in the “entire marketplace context” in the way that a court would in an infringement suit, the TTAB’s finding may be entitled to issue preclusive effect. Pet. App. 8a-11a; *supra* at 21.

Nor is there support for B&B’s assertion that the “logic” of the Eighth Circuit’s ruling “likely would preclude *judicial* decisions from other circuits from being recognized as covering the same issue.”⁹ Pet. 26-27. The Eighth Circuit did not discuss or decide the preclusive effect of a likelihood of confusion finding of a court from another circuit. At the same time, the Eighth Circuit pointed out that unlike the TTAB, courts deciding likelihood of

⁹ B&B claims (at 27) that Judge Colloton made the same observation in his dissenting opinion, but that plainly is wrong. See *generally* Pet. App. 14a-20a.

confusion in infringement actions must focus on the marketplace use of the marks at issue—regardless of how they formulate their multi-factor likelihood of confusion tests. Pet. App. 10a. And, it was consideration of marketplace use—not the specific factorial standard applied—that the Eighth Circuit deemed pivotal in determining the preclusive effect of the TTAB’s likelihood of confusion finding. Pet. App. 9a-11a. There accordingly is no reason to assume the Eighth Circuit’s decision would deny preclusive effect to a *court’s* likelihood of confusion finding in a future case.¹⁰

¹⁰ B&B also contends that because the “TTAB is the expert tribunal” when it comes to trademark law, “rejecting administrative decisions based on a difference in approach is even less legitimate than rejecting judicial decisions would be.” Pet. 27. B&B’s premise, however, ignores that the TTAB’s likelihood of confusion analysis, which looks only at “the registrability of the applicant’s mark exactly as shown in the application and only as to the goods listed, regardless of actual usage” (*Jim Beam Brands*, 937 F.2d at 734 (citation omitted)), requires “no specialized knowledge” or “technical expertise” (Jonathan S. Digby, Notes, *What’s The Deference?: Should Dickinson v. Zurko Apply In The Trademark Context*, 15 J. INTEL. PROP. L. 173, 174, 183 (2007)), thus weakening any compulsion to treat the TTAB’s findings as preclusive. See also *Everest Capital Ltd. v. Everest Funds Mgmt.*, 393 F.3d 755, 760 (8th Cir. 2005) (reasoning that likelihood of confusion “is particularly amenable to resolution by a jury which represents a cross-section of consumers [and] is well-suited to evaluating whether an ‘ordinary consumer’ would likely be confused”) (quoting *Anheuser-Busch, Inc. v. L. & L. Wings, Inc.*, 962 F.2d 316, 318 (4th Cir. 1992)).

III. THIS CASE IS A POOR VEHICLE TO ADDRESS THE ISSUES B&B PRESENTS.

Not only is there no cognizable circuit split, this case is a poor vehicle for the Court to review the abstract preclusion issues raised in the petition.

First, the Eighth Circuit’s finding that the likelihood of confusion issues before it and the TTAB are different is fact-bound and case-specific—it focuses on the particulars of the TTAB’s decision, the evidence presented before the TTAB and the district court, and the multi-factor tests applied by the two bodies under controlling Federal and Eighth Circuit precedent, respectively.

Second, the Eighth Circuit’s refusal to defer to the TTAB’s finding—also fact-bound and case-specific—at most conflicts indirectly with a nearly forty-year-old Fifth Circuit decision that has never been followed by a circuit not bound by Fifth Circuit precedent. Such inchoate disagreement hardly rises to the level of importance this Court demands before it will expend its resources and grant *certiorari*. And, moreover, the outcome in this case would be the same even under the Fifth Circuit’s rule. *See supra* at 26-27.

Third, the differences in the burdens of persuasion on B&B in the two proceedings provides an independent ground for affirmance. *See Thigpen v. Roberts*, 468 U.S. 27, 29-30 (1984) (declining to reach question on which *certiorari* was granted in light of alternative ground for affirmance). “[R]elitigation of the issue in a subsequent action between the parties is not precluded ... [where the party asserting preclusion] “has a significantly

heavier burden than he had in the first action.” Restatement (Second) of Judgments § 28(4) (1982); *see also Cobb v. Pozzi*, 363 F.3d 89, 113 (2d Cir. 2004) (“a shift or change in the burden of proof can render the issues in two different proceedings non-identical, and thereby make collateral estoppel inappropriate”) (citations omitted); *Guenther v. Holmgreen*, 738 F.2d 879, 888 (7th Cir. 1984) (“It is, of course, well established that issue preclusion may be defeated by shifts in the burden of persuasion or by changes in the degree of persuasion required.”) (citation omitted).

The Eighth Circuit properly determined that issue preclusion did not apply because, while the TTAB resolved all doubts in B&B’s favor and against Hargis, no such principle applied in B&B’s favor in the district court. *See* Pet. App. 10a-11a; Pet. App. 71a (TTAB applying principle here); *Bridgestone Americas Tire Operations, LLC v. Federal Corp.*, 673 F.3d 1330, 1333 (Fed. Cir. 2012) (stating principle). Thus, litigation of likelihood of confusion in the district court, free of preclusion, was in accord with basic principles of fairness and justice.¹¹ *See Cobb*,

¹¹ B&B, citing Judge Colloton’s dissent, disputes the applicability of this rule because, it speculates, the TTAB’s reference to the presumption in favor of B&B “made no difference in this case.” Pet. 31. But there is no way to determine whether this was true—the presumption in B&B’s favor may very well have influenced the TTAB’s ruling. And, with the exception of the Eighth Circuit decision Judge Colloton cited (*Lane v. Sullivan*, 900 F.2d 1247 (8th Cir. 1990))—an outlier based on a strained reading of a comment to Section 28 of the Restatement (Second) of Judgments (*id.* at 1252 (acknowledging that exception it found to Restatement *Continued on following page*

363 F.3d at 115 (issues not identical where plaintiffs were given a “presumption of innocence” in the first proceeding, but “were entitled to no such presumption” in the second).

These reasons, taken together with the complex factual and procedural history of this fifteen-year-old dispute and the jury’s finding of B&B’s deceitful behavior, leave no basis for extending this litigation any further and consuming any more judicial resources—especially this Court’s. This action ran its long course to a just conclusion.

Continued from previous page

rule was “not suggested” in the Restatement comment))—courts have applied the Restatement rule straightforwardly, refusing to try to “reconstruct[]” how the adjudicator in the first proceeding would have resolved the issue “on the basis of a new and different burden....” Restatement (Second) of Judgments § 28 cmt. f; *McHan v. CIR*, 558 F.3d 326, 331-32 (4th Cir. 2009).

CONCLUSION

B&B has not presented an issue worthy of this Court's discretionary review. The petition for a writ of *certiorari* should be denied.

Respectfully submitted.

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