

No. 13-352

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

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B&B HARDWARE, INC., PETITIONER

*v.*

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

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*ON PETITION FOR A WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE EIGHTH CIRCUIT*

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**BRIEF FOR THE UNITED STATES AS AMICUS CURIAE**

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## QUESTIONS PRESENTED

The United States Patent and Trademark Office's Trademark Trial and Appeal Board determined that respondent was not entitled to register the trademark SEALTITE because respondent's use of that mark was likely to cause confusion with petitioner's previously registered mark SEALTIGHT. Petitioner brought a trademark-infringement action against respondent in federal district court, alleging that respondent's use of its SEALTITE mark was likely to cause confusion with petitioner's mark. The questions presented are as follows:

1. Whether the district court in the infringement action should have given preclusive effect to the Board's likelihood-of-confusion determination.
2. Whether, in the alternative, the district court should have given some measure of deference to the Board's likelihood-of-confusion determination.

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This brief is filed in response to the Court's order inviting the Solicitor General to express the views of the United States. In the view of the United States, the petition for a writ of certiorari should be granted.

**STATEMENT**

1. In the Trademark Act of 1946 (Lanham Act), 15 U.S.C. 1051 *et seq.*, Congress created a comprehensive national registration system for trademarks and established a federal administrative and judicial framework for protecting trademarks against infringement, dilution, and unfair competition. This case concerns the interaction between two adjudicative provisions of that statutory scheme: the registration provisions, which are administered by the United States Patent and Trademark Office (PTO), and the infringement

provisions, which are enforced by civil actions in federal district courts.

a. The “owner of a trademark used in commerce” may apply to the PTO to register the mark on the PTO’s “principal register.” 15 U.S.C. 1051(a)(1); 35 U.S.C. 2(a)(1). Such an application must include a drawing of the mark for which registration is sought and a description of the goods or services in connection with which the applicant uses the mark. 15 U.S.C. 1051(a)(2); 37 C.F.R. 2.32(a)(6) and (c). Registration, if approved by the PTO, operates as “prima facie evidence \* \* \* of the [registrant’s] exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the [registration] certificate, subject to any conditions or limitations stated in the certificate.” 15 U.S.C. 1057(b). Registration thus confers specific legal benefits, and the scope of many of those benefits depends on the scope of the registration approved by the PTO. See, e.g., 15 U.S.C. 1072, 1114, 1115; *Stone Lion Capital Partners, L.P. v. Lion Capital LLP*, No. 2013-1353, 2014 WL 1229530, at \*6 (Fed. Cir. 2014). Even those trademark owners who have not registered their marks with the PTO, however, may enforce certain rights under the common law in marks that they have used in commerce. See *Dorpan, S.L. v. Hotel Meliá, Inc.*, 728 F.3d 55, 61-62 (1st Cir. 2013).

In determining whether to register a mark, the PTO evaluates whether the mark set forth in the application for registration “so resembles” an existing mark “as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. 1052(d). If it appears to a PTO examiner that the applicant is en-

titled to registration, the mark is published in the Official Gazette of the PTO. 15 U.S.C. 1062(a). “Any person who believes that he would be damaged by the registration of [that] mark” may then “file an opposition in the [PTO]” within a specified time period. 15 U.S.C. 1063(a). If registration is not successfully opposed, a certificate of registration issues. 15 U.S.C. 1063(b)(1).

“Opposition proceedings” take place before the PTO’s Trademark Trial and Appeal Board (Board). 15 U.S.C. 1067(a); 37 C.F.R. 2.101(b). Those proceedings generally are “similar to a civil action in a federal district court,” with the “principal difference [being] that proceedings before the Board are conducted in writing, and the Board’s actions in a particular case are based upon the written record.” United States PTO, *Trademark Trial and Appeal Board Manual of Procedure* § 102.03 (3d ed. Rev. 2 June 2013). A frequent ground for opposing a registration is that the proposed mark, if registered, would be likely to cause confusion with the opposing party’s own previously used or registered mark. The party opposing registration—the “opposer”—bears the burden of proof on that issue. See, e.g., *Yamaha Int’l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572, 1579-1580 (Fed. Cir. 1988). Any party who is dissatisfied with the Board’s ultimate decision may seek judicial review by filing an appeal in the United States Court of Appeals for the Federal Circuit or by initiating a civil action in a federal district court. 15 U.S.C. 1071.

As particularly relevant here, the Board does not adjudicate an opposition proceeding based on the relevant marks considered in a vacuum. Rather, the Board considers evidence of how the marks are used

in the marketplace, including the products on which the marks appear and the members of the public to whom the marks are directed. In evaluating whether a likelihood of confusion exists between the two marks, the Board uses a 13-factor test set out in *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973). Among the factors considered are the similarity or dissimilarity of the marks, goods, and trade channels; the “conditions under which and buyers to whom sales are made”; the “fame of the prior mark (sales, advertising, length of use)”; and the “nature and extent of any actual confusion.” *Ibid.*

When the opposition is based exclusively on a mark previously registered with the PTO, the Board typically reviews only the scope of marketplace usage encompassed by the asserted registration and the opposed application. The Board does not attempt to determine how the actual usage of the marks in the real world might vary from what is disclosed in those documents. See, e.g., *M2 Software, Inc. v. M2 Communications, Inc.*, 450 F.3d 1378, 1382-1383 (Fed. Cir.), cert. denied, 549 U.S. 1096 (2006). An opposer, however, will often assert common-law rights in certain usages of a mark as well (*i.e.*, usages beyond what is covered by the opposer’s prior registration). Unlike with registered marks, when common-law rights are asserted in marks, the Board must base its decision on “the manner in which [the] opposer *actually uses* those marks on or in connection with its actual goods and services.” *Pepsico, Inc. v. Jay Pirincci*, Opposition No. 91187023, 2014 WL 1679144, at \*9 n.15 (Trademark Trial & Appeal Bd. Apr. 14, 2014) (non-precedential) (emphasis added); see *Giersch v. Scripps Networks Inc.*, 90 U.S.P.Q.D.2d (BNA) 1020,

1023 (Trademark Trial & Appeal Bd. 2009) (explaining that party challenging a registration who relies on common-law rights “must show that he made common-law use of his \* \* \* mark in connection with his alleged services”).

b. The owner of a registered mark may bring a civil action for infringement in federal district court against any person who, without consent, “use[s] in commerce any reproduction \* \* \* or colorable imitation of a registered mark in connection with the sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. 1114(1)(a). A similar cause of action exists for infringement of unregistered marks. See 15 U.S.C. 1125(a)(1)(A). In an action for trademark infringement, the plaintiff bears the burden of proving that the defendant’s mark is likely to cause confusion. See, e.g., *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118, 124 (2004).

2. Petitioner obtained a registration from the PTO for the trademark “SEALTIGHT” for “threaded or unthreaded metal fasteners and other related hardware; namely, self-sealing nuts, bolts, screws, rivets and washers, all having a captive o-ring for use in the aerospace industry.” Pet. App. 42a. Some years later, respondent applied to the PTO to register the mark “SEALTITE” for “self-piercing and self[-]drilling metal screws for use in the manufacture of metal and post-frame buildings.” *Ibid.* After respondent’s mark was published in the PTO’s Official Gazette, petitioner initiated an opposition proceeding before the Board. *Ibid.*

In adjudicating the opposition, the Board concluded (for reasons not relevant here) that the basis of petitioner’s likelihood-of-confusion claim would be limited to rights inherent in petitioner’s registered trademark and the products identified in the registration, not any common-law rights derived from use of the mark for a broader description of products. See Pet. App. 53a-55a. The Board then considered evidence of marketplace usage of the marks presented by the parties. See *id.* at 43a-44a, 46a-47a, 55a-70a. It ultimately sustained the opposition and therefore refused to register respondent’s mark. See *id.* at 71a.

In reaching that conclusion, the Board applied the multifactor *E.I. DuPont* likelihood-of-confusion test, finding that six factors were relevant on the facts of this case. Pet. App. 55a. The Board determined that petitioner’s mark was not famous and that its products moved in different channels of trade than did respondent’s products. *Id.* at 55a-56a, 62a-64a. The Board nevertheless found a likelihood of confusion, emphasizing that the “marks are substantially identical and they are used on closely related products.” *Id.* at 70a; see *id.* at 56a-62a. Respondent did not seek judicial review of the Board’s decision.<sup>1</sup>

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<sup>1</sup> During proceedings before the Board, petitioner asserted that it sells a “full range of fasteners” without certain limitations described in its registration. Pet. App. 46a. Although the Board deemed that broader usage to have been tried by consent of the parties, see *ibid.*, it ultimately limited its consideration to the usage disclosed in petitioner’s registration on the ground that petitioner was precluded from litigating its common-law rights, see *id.* at 53a-55a; pp. 4-5, *supra*. Later in its opinion, however, the Board appeared to consider usages beyond what was disclosed in petitioner’s registration. See Pet. App. 67a-71a.

3. While the Board proceedings were pending, petitioner brought a trademark-infringement action against respondent in the United States District Court for the Eastern District of Arkansas. See 569 F.3d 383, 386; 4:06-01654 Docket entry No. 2, at 8-10 (Dec. 7, 2006). Petitioner's action was initially dismissed by the district court as barred by issue preclusion in light of an earlier infringement suit between the parties, but the court of appeals reversed that holding. See 569 F.3d at 386, 390.

On remand, petitioner filed the operative complaint, which alleged that respondent's use of SEALTITE in connection with its fastener products infringed petitioner's use of SEALTIGHT in connection with its fastener products and related hardware. See 4:06-cv-1654 Docket entry No. 114, at 2, 4, 7-13 (E.D. Ark. May 17, 2010). The district court rejected petitioner's arguments that it should accord the Board's prior likelihood-of-confusion determination preclusive effect or, in the alternative, some measure of deference. Pet. App. 27a-28a. The case was then tried to a jury, which found that respondent's mark was not likely to cause confusion and therefore returned a verdict against petitioner. *Id.* at 21a-22a; 4:06-cv-1654 Docket entry No. 201, at 1-2. The district court rejected petitioner's request for a new trial on preclusion grounds, holding that Board decisions cannot give rise to issue preclusion in a judicial proceeding because the Board is not an Article III court. Pet. App. 27a-28a.

4. A divided panel of the court of appeals affirmed the district court's holding that the Board's likelihood-of-confusion determination was not entitled to preclu-

sive effect or any measure of deference. Pet. App. 4a-13a.

a. The panel majority assumed without deciding that Board decisions may be given preclusive effect in judicial proceedings. See Pet. App. 7a. The court held, however, that preclusion was “not appropriate here because \* \* \* the same likelihood-of-confusion issues were not decided by the [Board] as those brought in the action before the district court.” *Ibid.*

In so concluding, the court of appeals found it significant that, “[i]n reaching its determination, the [Board] used only 6 of the 13 factors from [*E.I. Dupont*],” whereas courts in the Eighth Circuit “apply the six-factor test from *SquirtCo* [v. *Seven-Up Co.*, 628 F.2d 1086 (8th Cir. 1990)].” Pet. App. 8a-9a. The court stated that, “[a]lthough some of the *E.I. DuPont* factors are the same or comparable to the *SquirtCo* factors, for collateral estoppel to apply, the [Board] must have examined the ‘entire marketplace context’ as is done in trademark infringement actions” in court. *Id.* at 9a-10a (internal quotation marks and citation omitted). The court acknowledged that in this case “[t]he [Board] found that the evidence of marketplace context—that the types of fasteners are different and marketed to vastly different industries and customers—weighed against a finding of likelihood of confusion.” *Id.* at 10a. But because the Board in rendering its decision had “placed greater emphasis on the appearance and sound when spoken of the two marks” than on the marketplace context, the court of appeals held that, for issue-preclusion purposes, the Board had decided a likelihood-of-confusion question that was different from the one presented in the infringement suit. *Ibid.* The court also attached signifi-

cance to its belief that respondent bore the burden of persuasion before the Board, whereas petitioner bore the burden of persuasion in the infringement action. *Id.* at 10a-11a.

Having concluded that the Board's likelihood-of-confusion determination was not entitled to preclusive effect, the court of appeals further held that the Board's determination was not otherwise entitled to any measure of deference in the infringement action. See Pet. App. 11a-12a.

b. Judge Colloton dissented. He would have held that, because the Board had "previously decided the same question about the likelihood of confusion that was at issue in this case, [respondent] should not have been permitted to relitigate that point." Pet. App. 14a. In Judge Colloton's view, the fact "that the six factors considered by the [Board] in its analysis are not exactly the same as the six factors listed by [the Eighth Circuit] for assessing likelihood of confusion in *SquirtCo*" did not "justify dispensing with collateral estoppel, just as variations in analysis among the circuits about a legal issue does not mean that one circuit's decision lacks preclusive effect in another." *Id.* at 17a. He further argued that the majority's approach was "tantamount to holding that a finding of the [Board] on likelihood of confusion will never be preclusive in an infringement action." *Id.* at 18a. With respect to the burden of persuasion, Judge Colloton interpreted the Board's opinion to have indicated that the burden of persuasion was immaterial to its analysis of the likelihood-of-confusion issue. See *id.* at 19a-20a.

**DISCUSSION**

The court of appeals erred in its approach to deciding whether a Board likelihood-of-confusion determination precludes relitigation of the same issue in a subsequent infringement action. Although the court correctly declined to hold that Board likelihood-of-confusion determinations are never entitled to preclusive effect, its grounds for denying preclusion here—that the Board employs a different multi-factored standard than does the Eighth Circuit, that the Board did not give sufficient weight to marketplace context, and that respondent bore the burden of persuasion before the Board—were each legally insufficient and, if taken at face value, would effectively foreclose preclusion in every case. In the view of the United States, issue preclusion depends on whether the scope of usage considered by the Board materially differed from the actual usage presented in the infringement action. Under that standard, the Board’s likelihood-of-confusion determination may be entitled to preclusive effect here.

This issue has not arisen with great frequency in reported judicial decisions, but the few courts of appeals to address it have employed different analytical approaches. Review by this Court would bring greater clarity and uniformity to the applicable law. The petition for a writ of certiorari therefore should be granted.

**A. The Court of Appeals’ Grounds For Denying Issue Preclusion Were Legally Insufficient**

The court of appeals’ legal analysis of the issue-preclusion question in this case is flawed.

1. a. In appropriate cases, Board determinations concerning the likelihood that two trademarks will

create confusion are entitled to preclusive effect in subsequent infringement actions. “Congress is understood to legislate against a background of common-law adjudicatory principles” when it authorizes federal agencies to resolve disputes. *Astoria Fed. Sav. & Loan Ass’n v. Solimino*, 501 U.S. 104, 108 (1991). Issue preclusion therefore is generally appropriate when “an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate.” *Id.* at 107 (quoting *United States v. Utah Constr. & Mining Co.*, 384 U.S. 394, 422 (1966)).

The Board acts in a judicial capacity when it evaluates an opposition petition to a trademark registration, because it resolves a concrete dispute between two parties in an adversarial setting. See *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 746 F.2d 375, 378 (7th Cir. 1984). The Board’s likelihood-of-confusion determination therefore should be accorded preclusive effect in a subsequent infringement action when the generally-applicable requirements for issue preclusion are met.

b. Issue preclusion (traditionally called “collateral estoppel”) “bars successive litigation of an issue of fact or law actually litigated and resolved” and “essential to the prior judgment.” *Taylor v. Sturgell*, 553 U.S. 880, 892 (2008) (internal quotation marks and citation omitted). Thus, for issue preclusion to apply, the first tribunal must have decided the precise issue for which preclusion is sought in the second tribunal.

When the Board determines whether a particular mark is likely to be confused for an existing mark, the precise issue it decides will sometimes, but not always,

be the same as the issue to be decided in a subsequent infringement action. As petitioner explains (Pet. 26), the basic legal standard—whether consumers are likely to be confused about the source of the relevant goods or services—is the same in both a registration proceeding and an infringement action. Compare 15 U.S.C. 1052(d) (registration), with, *e.g.*, 15 U.S.C. 1114(1)(a) (infringement of registered marks).<sup>2</sup> But the factual contexts to which the Board and the courts apply that standard will sometimes differ.

When, as here, an opposition to an application is based solely on the opposer’s ownership of a registered mark, see Pet. App. 55a, the Board typically analyzes the marks, goods, and channels of trade only as set forth in the application and in the opposer’s registration, regardless of whether the actual usage of the marks by either party in the real world is broader or narrower. See, *e.g.*, *Stone Lion Capital Partners, L.P. v. Lion Capital LLP*, No. 2013-1353, 2014 WL 1229530, at \*5-\*7 (Fed. Cir. 2014); *Canadian Imperial*

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<sup>2</sup> Although the likelihood-of-confusion standard is set out in different statutory sections for registration and infringement proceedings, that does not prevent the application of issue preclusion. “[I]ssue preclusion may apply notwithstanding the fact that the later action is brought under a different statute.” *Electrical Workers Local 58 Pension Trust Fund v. Gary’s Elec. Serv. Co.*, 227 F.3d 646, 659 (6th Cir. 2000); see, *e.g.*, *University of Tenn. v. Elliott*, 478 U.S. 788, 790-791, 799 (1986) (holding that a state agency’s determination under state law can have preclusive effect in later suit under 42 U.S.C. 1983). Here, the basic inquiry—whether consumers are likely to be confused as between the challenged mark and an existing mark—is the same under both sections. See *Wells Fargo & Co. v. Stagecoach Props., Inc.*, 685 F.2d 302, 306 (9th Cir. 1982); 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23:78, at 23-368 (4th ed. 2014).

*Bank of Commerce v. Wells Fargo Bank, N.A.*, 811 F.2d 1490, 1492-1493 (Fed. Cir. 1987); see also 15 U.S.C. 1057(b) (stating certain presumptions accorded a registered mark “on or in connection with the goods or services specified in the certificate”). Infringement actions, by contrast, typically concern the parties’ actual usage of marks in the marketplace, which may differ from the scope of usage disclosed in the application for registration and the opposer’s prior registration. See 15 U.S.C. 1114(1)(a), 1125(a)(1)(A); see, e.g., *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117-118 (2004); *Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.*, 424 F.3d 1229, 1232-1233 (Fed. Cir. 2005).

As a result of that distinction, issue preclusion often turns on whether the actual usage of the marks at issue in the infringement action differs materially from the usage of the marks set forth in the application for registration and in the opposer’s prior registration submitted in the Board proceedings. When the usages adjudicated in the two proceedings are materially identical, or when the usages at issue in the infringement action represent a subset of the usages adjudicated in the Board proceeding, issue preclusion applies. But when the infringement action concerns usages not ruled upon by the Board, issue preclusion does not apply to those additional usages.

Thus, if the Board concludes in an opposition proceeding that no likelihood of confusion exists between two marks based on the particular goods set forth in the opposer’s prior registration and the opposed application (and the stated or presumed channels of trade for those goods), that determination will be preclusive in a later infringement suit concerning the

same goods and channels of trade, or a subset of those goods and channels of trade. The Board's determination will not be preclusive, however, in a subsequent infringement action concerning goods or channels of trade that are materially different from those reflected in the application and registration. For example, if the Board finds that an applicant's use of a mark on watches is not likely to cause confusion with the opposer's use of a similar mark on shirts, that determination will bar the opposer's infringement action against the applicant for the use of its mark on watches, but not for the use of its mark on sweaters.

c. As discussed, opposition proceedings before the Board are not always based exclusively on an opposer's registered mark. They are sometimes based on the opposer's common-law rights in an unregistered mark. See 15 U.S.C. 1052(d) (providing generally that a trademark may not be registered if it "so resembles \* \* \* 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"). In those cases, the Board does consider the actual usage of the opposer's marks to determine the scope of the opposer's common-law rights. See pp. 4-5, *supra*. If the Board renders a likelihood-of-confusion determination with respect to usage encompassed by such common-law rights, that determination will also be entitled to preclusive effect in a subsequent trademark-infringement action.

2. The court of appeals erred in failing to analyze the issue-preclusion question under the standard advanced here. Rather than determining whether the actual usage before the district court materially dif-

ferred from the scope of usage considered by the Board, the court of appeals relied on three legally irrelevant factors.

First, the court of appeals observed that the Board, in analyzing likelihood-of-confusion issues, uses a multi-factor test different from the test that the Eighth Circuit has adopted. See Pet. App. 9a-10a. As Judge Colloton explained, however, the fact that different tribunals have adopted different formulations of a legal standard could not defeat issue preclusion. See *id.* at 17a-18a. If that were a sufficient basis for allowing relitigation of a contested legal issue, even a final judgment of a federal court of appeals in a trademark-infringement action would not be entitled to preclusive effect if a second infringement action were brought in another circuit that had adopted a different multi-factor standard. No accepted principle of issue preclusion supports that result.

Second, the court of appeals believed that the Board had not given sufficient weight to the marketplace context. See Pet. App. 10a. But if disagreement with another tribunal's legal or factual analysis was an appropriate ground for declining to give its prior decision preclusive effect, principles of issue preclusion would have little or no practical import. Preclusion doctrine would serve no useful purpose if the second tribunal was required to determine whether the first tribunal's analysis was correct in order to determine whether that analysis should be given preclusive effect. Rather, as Judge Colloton explained, the doctrine of issue preclusion "prevent[s] relitigation of wrong decisions just as much as right ones." *Id.* at 19a (quoting *Clark v. Clark*, 984 F.2d 272, 273 (8th Cir.), cert. denied, 510 U.S. 828 (1993)). Thus, when a

court considers the same usages previously considered by the Board, the Board's determination precludes relitigation of the likelihood-of-confusion question even if the court believes that the Board erred in its determination.

Third, the court of appeals stated that respondent bore the burden of persuasion in the Board proceeding. That is incorrect. As the party opposing registration, petitioner bore the burden of persuasion, just as it did in the district court. See *Yamaha Int'l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572, 1579-1580 (Fed. Cir. 1988); *Genesco Inc. v. Martz*, 66 U.S.P.Q.2d (BNA) 1260, 1267 (Trademark Trial & Appeal Bd. 2003). The Board did mention the principle that doubts must be resolved in favor of the senior user (here, petitioner). See Pet. App. 71a. But some courts have recited that principle in the infringement context as well, see, e.g., *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1404 n.14 (9th Cir.), cert. dismissed, 521 U.S. 1146 (1997), and there is no reason to believe that it reflects a departure from the ordinary burden of persuasion that applies in Board proceedings.

The court of appeals thus applied erroneous legal standards in analyzing whether the Board had decided the same likelihood-of-confusion issue that was before the district court. The errors the court of appeals made, moreover, do not appear to depend on any facts specific to this case. It will be equally true in future cases, for example, that the Eighth Circuit's multi-factor test for assessing likelihood of confusion is different from the test that the Board typically applies. The errors committed by the court below therefore are likely to affect the resolution of future infringe-

ment suits within the Eighth Circuit in which the preclusive effect of a Board decision becomes the subject of dispute.

3. Respondent did not argue in the court of appeals that the scope of usage considered by the Board differed materially from the usage at issue in the infringement action. Petitioner has asserted in this Court that there was “no such difference in scope between the [Board] and district court proceedings.” Pet. 16 n.7. And there is some indication in the record that the usage did not materially differ. Compare, *e.g.*, Pet. App. 35a (district court discussion of differences in parties’ goods), with *id.* at 57a-59a (Board discussion of same); compare also, *e.g.*, *id.* at 37a (district court discussion of differences in the parties’ markets and pricing); with *id.* at 60a-67a (Board discussion of same).

It is possible, however, that usage differences not identified by respondent in its appellate briefing caused the likelihood-of-confusion issues in the two proceedings to be different. If this Court grants certiorari and ultimately adopts the standard proposed in this brief, it could remand for the court of appeals to determine in the first instance whether preclusion is appropriate under that standard (as well as to address any preservation question).

4. When a Board decision is not entitled to preclusive effect because the Board has resolved a question different from the issue that is disputed in subsequent infringement litigation, there is no sound reason to give the Board decision any measure of deference. See Pet. App. 11a-12a. Petitioner does not appear to defend the contrary position. See Pet. 25; Reply Br. 8-10. The deference question might be answered dif-

ferently when issue preclusion is inappropriate for another reason—for example, when an issue actually resolved by the Board was not necessary to its ultimate decision—but that situation is not presented here.

**B. Although A Definitive Resolution Of The Questions Presented Is Not Imperative At This Time, This Court’s Review Would Help To Clarify The Applicable Law**

Because the question whether Board likelihood-of-confusion determinations should be accorded preclusive effect does not appear to arise frequently, this Court’s review is not imperative at this time. The circuits that have considered the issue have adopted inconsistent approaches, however, and no circuit has adopted precisely the approach set forth above in the context of an infringement action. The Court’s review therefore would help to clarify the law in this area.

1. The circuits that have addressed the issue have adopted different tests for determining the preclusive effect of a Board likelihood-of-confusion determination in subsequent infringement litigation.

a. The Federal Circuit has adopted the approach set forth above, but it has done so only in addressing the mirror-image question of when the *Board* must give preclusive effect in an opposition or cancellation proceeding to a *district court’s* likelihood-of-confusion determination in a prior infringement action. The Federal Circuit has explained that issue preclusion is not warranted “where infringement litigation was followed by PTO proceedings involving a challenge to a registration of broader scope than the subject of the infringement case.” *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 719 F.3d 1367, 1373 (2013). Because the Federal Circuit derived that standard

from basic issue-preclusion principles, see *id.* at 1371-1373, its reasoning supports application of the same standard in deciding when Board determinations should be given preclusive effect in later infringement actions. The Federal Circuit has not had occasion to decide that issue, however, since it has jurisdiction to review Board determinations, see 15 U.S.C. 1071, but ordinarily not to decide appeals from district-court judgments in infringement suits.

b. The Second Circuit has adopted a standard that appears to be slightly different from the Federal Circuit's. The Second Circuit has correctly recognized that, in an opposition proceeding before the Board, the likelihood-of-confusion issue is often determined based on the scope of usage set out in the application and the opposer's prior registration "regardless of the reality of actual usage," while in an infringement action, the court examines actual usage. *Levy v. Kosher Overseers Ass'n of Am., Inc.*, 104 F.3d 38, 41-42 (1997) (citation and emphasis omitted). That court has held, however, that "[f]or a [Board] \* \* \* determination of 'likelihood of confusion' to have collateral estoppel effect in a trademark infringement action, the [Board] \* \* \* must have taken into account, in a meaningful way, the *context* of the marketplace." *Id.* at 42. That standard may be similar in practice to the standard articulated above, but it is insufficiently precise in that it purports to require scrutiny into how "meaningful" the Board's consideration of the marketplace context was. As discussed, the appropriate question is whether the infringement action encompasses usages that materially differ from the usages that the Board considered.

The Second Circuit's analysis in *Levy* could also be read to suggest that, if the Board fails to consider each of the eight factors that the Second Circuit has adopted, the Board's decision will not be entitled to preclusive effect. See 104 F.3d at 43 (cited in decision below at Pet. App. 10a). For the reasons discussed above, the preclusive effect of a prior Board decision does not turn on whether the Board applied precisely the same multi-factor test as does the particular circuit in which the preclusion issue arises.

c. The Fifth and Eleventh Circuits have held that Board decisions never have issue-preclusive effect in subsequent infringement actions. See *Freedom Sav. & Loan Ass'n v. Way*, 757 F.2d 1176, 1180 (11th Cir.), cert. denied, 474 U.S. 845 (1985); *American Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3, 9-10 (5th Cir. 1974). Those courts have reasoned that, because Congress provided for de novo judicial review of Board decisions in district courts, see 15 U.S.C. 1071(b), Congress did not intend "to invoke the immunizing doctrines of res judicata or collateral estoppel with regard to [Board] proceedings." *Freedom Sav. & Loan Ass'n*, 757 F.2d at 1180; see *American Heritage Life Ins. Co.*, 494 F.2d at 10 ("[Board] findings do not merit application of the doctrine of collateral estoppel.").

That reasoning is flawed. Courts can and do give preclusive effect to prior unappealed legal rulings that would have been reviewed de novo if they had been appealed. Cf. *Federated Dep't Stores, Inc. v. Moitie*, 452 U.S. 394, 398 (1981) (explaining that "the res judicata consequences of a final, unappealed judgment on the merits" are not "altered by the fact that the judgment may have been wrong or rested on a legal prin-

ciple subsequently overruled in another case”). The fact that respondent could have obtained de novo review of the Board’s likelihood-of-confusion determination simply underscores that respondent had an adequate opportunity to challenge that finding, and that there is no unfairness in giving that determination preclusive effect in later litigation.

Although they have found that issue preclusion is inapplicable, the Fifth and Eleventh Circuits have held that a Board finding on likelihood of confusion should “be accepted by the federal court unless the contrary is established by evidence which carries thorough conviction.” *American Heritage Life Ins. Co.*, 494 F.2d at 10; see *Freedom Sav. & Loan Ass’n*, 757 F.2d at 1181. They have adopted that standard “out of respect for the expertise of the [Board].” *Ibid.* The Fifth and Eleventh Circuits have not applied those precedents recently, but they remain binding in those circuits.

d. Petitioner cites (Pet. 17-20) decisions from the Third and Seventh Circuits. Both of those decisions, however, concerned aspects of the issue-preclusion analysis other than the proper test for determining whether the same issue was involved in both the Board proceeding and the subsequent infringement action. Br. in Opp. 23-24; see *Jean Alexander Cosmetics v. L’Oreal USA, Inc.*, 458 F.3d 244, 249 (3d Cir. 2006), cert. denied, 549 U.S. 1305 (2007) (whether finding was necessary to Board’s cancellation determination); *EZ Loader Boat Trailers*, 746 F.2d at 377-379 (7th Cir.) (whether party was given full and fair opportunity to litigate question); see *id.* at 378 (noting that party “sought and obtained judicial review of the Board’s conclusions” and thus that the court was not

“concerned merely with the question of whether to give collateral effect to an agency determination”). The discussions in the pertinent Third and Seventh Circuit decisions make it reasonable to believe that those courts would often view Board proceedings and subsequent litigation as presenting the same likelihood-of-confusion question. Those circuits have not articulated a standard, however, for determining in particular cases whether both proceedings involve the same issue.

2. Questions concerning whether and under what circumstances Board proceedings give rise to issue preclusion in subsequent trademark-infringement litigation do not appear to have arisen frequently in lower courts. For that reason, it is not imperative that the Court address the issue at this time. But because the circuits have adopted inconsistent standards, and only the Federal Circuit’s standard clearly tracks the approach set forth above, this Court’s review would help to clarify this area of the law and would therefore be beneficial for trademark owners and lower courts.

3. As discussed, the parties have not briefed with any specificity the extent to which the scope of usage considered by the Board encompassed the actual usage before the district court. That deficiency, however, would not prevent this Court from resolving the questions presented. In particular, if this Court grants certiorari and ultimately adopts the approach proposed by the United States, it could remand the case to the lower courts for application of that standard to the administrative and trial record here. If this Court were inclined to illustrate the legal principle by applying it to the facts of this case, however, it might encounter difficulty in discerning from the record pre-

cisely the scope of usage adjudicated in the two proceedings.

4. The second question presented asks whether a Board decision that is not entitled to preclusive effect is nevertheless entitled to some measure of judicial deference. For the reasons discussed above, a Board decision is not entitled to any deference if the reason for denying that decision preclusive effect is that the Board considered a different issue than is before the district court in a subsequent infringement action. Nevertheless, if this Court grants review of the first question presented, it would be sensible to grant review of the second as well. Petitioner has preserved an argument that, if issue preclusion does not apply at all to Board determinations, such determinations should receive some degree of deference (see Pet. C.A. Br. 23-28); that argument is closely related to the preclusion question; and the Fifth and Eleventh Circuits have concluded that strong deference, rather than preclusion, is the appropriate approach in this context.

**CONCLUSION**

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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