



ARE Trademark Law Alert: Supreme Court Holds TTAB Decisions May Have Preclusive Effects

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On March 24, 2015, the U.S. Supreme Court, in a 7-2 decision, reversed and remanded the Court of Appeals for the Eighth Circuit and held that “a court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met.” *B&B Hardware, Inc. v. Hargis Indus.*, No. 13-352, 575 U.S. ___, slip op. at 2 (2015) (“*B&B Hardware*”).

Issue preclusion, also known as the doctrine of collateral estoppel, generally promotes judicial economy by dictating that the same issue should not be litigated more than once.

The Supreme Court resolved a split in the Circuits, where some gave certain deference to the prior finding of the Trademark Trial and Appeal Board (“TTAB”), but others, like the Eighth Circuit in this case, denied both issue preclusion and indeed, denied giving any deference to TTAB decisions. The Eighth Circuit reasoned that the TTAB and the trial courts conduct different analyses when determining likelihood of confusion: the TTAB looks at likelihood of confusion for federal registration purposes, whereas the trial courts look at different facts for infringement purposes.

At the Supreme Court, Justice Alito, writing for the majority, reasoned that the standards used by the TTAB and the trial courts in determining likelihood of confusion are “not fundamentally different.” *B&B Hardware*, slip op. at 16. The Court concluded that the use of different procedures by the TTAB and the trial courts “suggests only that sometimes issue preclusion might be inappropriate, not that it always is.” *Id.* at 19. However, the majority, narrowing the scope of the ruling, noted that “for a great many [TTAB] decisions issue preclusion obviously will not apply because the ordinary elements will not be met.” *Id.* at 14. Specifically, “[i]f the TTAB does not consider the marketplace usage of the parties’ marks, the TTAB’s decision should ‘have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue.’” *Id.* at 18. But, the Court stated that the fact that many TTAB decision can not satisfy the ordinary elements of issue preclusion does not mean that none will, as the stakes in a TTAB proceeding can be just as high as those in an infringement suit. *Id.* at 15, 21.

Justice Ginsburg concurred with the majority’s reasoning.

Justice Thomas issued a dissenting opinion, in which Justice Scalia joined, arguing that there is no justification to apply administrative preclusion—a presumption born from a 1991 decision of the Supreme Court—to the Lanham Act, which was passed much earlier in 1946.



The Supreme Court's decision is significant. Many plaintiffs will surely now decide to avoid litigating in the TTAB, opting instead to seek enforcement in the district or state court forums where injunctions and monetary remedies are available. Even in cases where a TTAB proceeding is chosen, the proceedings will likely become more complicated and expensive to fight as plaintiffs realize the necessity of building extensive evidentiary records—e.g., by offering evidence of marketplace usage—in order to ensure that the decision will be given issue preclusion.

B&B Hardware is the Supreme Court's second substantive trademark ruling, the first being [Hana Financial v. Hana Bank](#), in the past two months after more than a decade without any.

We will continue to follow this development.

In the meantime, please feel free to [contact](#) our attorneys regarding issues raised by this case.

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